

SPECIAL COMMITTEE REPORTS

Spec. Com. Rep. No. 1

Your Committee on Credentials begs leave to report that it has examined the Certificates of Election of the Senate of the Nineteenth Legislature of the State of Hawaii, Regular Session of 1997, and finds that the following persons have been legally elected and are fully qualified to sit as members of the Senate.

The newly elected Senators whose respective terms of office will expire on November 7, 2000 are:

Second Senatorial District

Richard M. Matsuura

Third Senatorial District

Andrew Levin

Fifth Senatorial District

Joe Tanaka

Eighth Senatorial District

Sam Slom

Ninth Senatorial District

Matthew Matsunaga

Eleventh Senatorial District

Brian Taniguchi

Twelfth Senatorial District

Carol Fukunaga

Fourteenth Senatorial District

Suzanne Chun Oakland

Fifteenth Senatorial District

Norman Mizuguchi

Sixteenth Senatorial District

Norman Sakamoto

Twentieth Senatorial District

Brian Kanno

Twenty-Fourth Senatorial District

Marshall Ige

Twenty-Fifth Senatorial District

Whitney Anderson

Signed by Senators Matsunaga, Chumbley and Anderson.

Spec. Com. Rep. No. 2

Your Committee on Credentials begs leave to report that it has received Governor's Message No. 125 and has examined the credentials of the Honorable Wayne C. Metcalf and finds that he is fully qualified to fill the vacancy in the Senate, Second District, created by the resignation of Senator Richard M. Matsuura for the Nineteenth Legislature of the State of Hawaii, Regular Session of 1997.

Signed by Senators Chumbley, Matsunaga and Anderson.

CONFERENCE COMMITTEE REPORTS

Conf. Com. Rep. No. 1 on H.B. No. 117

The purpose of the bill is to provide the people of Hawaii with the opportunity to amend the Hawaii State Constitution to expressly state that the Legislature has the power to constitutionally reserve marriage to couples of the opposite sex, thereby addressing the ruling in Baehr v. Lewin on that issue.

Your Committee has amended both the purpose clause of the bill and the language of the proposed amendment to more clearly fulfill these purposes and intentions.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 117, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 117, S.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, McCartney, Metcalf.
Managers on the part of the Senate.

Representatives Tom, Cachola, Herkes, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 2 on H.B. No. 118

The purpose of this bill is to establish the status of reciprocal beneficiaries and provide certain state governmental benefits to those with such status.

The bill represents a commitment to the provision of substantially similar government rights to those couples who are barred by law from marriage. Your Committee agrees that, while the traditional concept of marriage should be reserved as per current law, permanent commitments which bear the same burdens and share the same aspirations as legally married couples should, as a matter of fundamental fairness, be afforded the economic benefits provided by the State of Hawaii to married couples.

Among the benefits extended to reciprocal beneficiaries which are substantially equivalent to those extended to spouses are:

- (1) Survivorship rights including inheritance, workers compensation survivorship benefits, state employees retirement beneficiary benefits;
- (2) Health related benefits including hospital visitation, private and public employee prepaid medical insurance benefits, auto insurance coverage, mental health commitment approvals and notifications, family and funeral leave;
- (3) Benefits and obligations relating to jointly held property: tenancy in the entirety, disaster relief loans, and public lands leases;
- (4) Legal standing relating to wrongful death, victims rights, and domestic violence family status; and
- (5) Miscellaneous benefits such as University of Hawaii facilities use, anatomical gifts, and government vehicle emergency use.

Upon further consideration and agreement, this measure was amended by:

- (1) Deleting section 425-125, Hawaii Revised Statutes, which relates to partnership property;
- (2) Inserting language which explicitly prohibits other than limited interpretations;
- (3) Providing for a sunset of state and county prepaid health insurance provisions (June 30, 1999);
- (4) Requiring a closed claim study by the Auditor two years after the effective date of the Act;
- (5) Deleting those provisions relating to personal income tax;
- (6) Deleting the durational residency requirement;
- (7) Clarifying that the marriage of a reciprocal beneficiary terminates reciprocal beneficiary rights;
- (8) Changing the effective date to July 1, 1997; and
- (9) Making technical, nonsubstantive amendments.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 118, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 118, H.D. 1, S.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, McCartney, Metcalf.
Managers on the part of the Senate.

Representatives Tom, Cachola, Herkes, Yamane, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 3 on H.B. No. 1745

The purpose of this bill is to reduce the maximum penalty for any person violating a rule adopted pursuant to chapter 200, Hawaii Revised Statutes, from that of a misdemeanor to a petty misdemeanor.

Your Conference Committee believes that enforcement of boating rules is essential to protect public safety and environmental quality. The adjudication of these violations must be done in a timely manner in order to be effective in deterring such violations. Current backlogs are caused by requests for jury trials for misdemeanors. These delays can be avoided by reducing the violations to petty misdemeanors.

Your Conference Committee has agreed to establish a minimum fine of \$50 for such violations, to provide a sufficient disincentive.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1745, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1745, H.D. 2, S.D. 2, C.D. 1.

Senators Taniguchi, Tanaka, Chumbley, Matsunaga, Slom.
Managers on the part of the Senate.

Representatives Tarnas, Tom, Morihara, Yamane, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 4 on H.B. No. 1610

The purpose of this bill is to authorize state agencies to indemnify, defend, and hold harmless United States agencies when necessary to receive federal benefits.

Upon further consideration and agreement, this measure was amended by including a provision from H.D. 1, which gives the comptroller authority to obtain loss insurance to cover the liability of the State that may arise from the operation of this Act.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1610, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1610, H.D. 2, S.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, Metcalf, Anderson.
Managers on the part of the Senate.

Representatives Tom, Say, Jones, White, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 5 on H.B. No. 214

The purpose of this bill, as received by your Committee on Conference, is to rename the Keahole-Kona International Airport to the Kona International Airport, Keahole, Hawaii.

Your Committee on Conference has amended this bill by changing the new name of the airport located at Keahole-Kona from the Kona International Airport, Keahole, Hawaii to the Kona International Airport at Keahole.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 214, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 214, S.D. 1, C.D. 1.

Senators Sakamoto, Kawamoto, Slom.
Managers on the part of the Senate.

Representatives Hiraki, Case, Takumi, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 6 on H.B. No. 1965

The purpose of this bill is to direct the chairperson of the Department of Land and Natural Resources to establish a task force to develop a comprehensive plan to address issues posed by the introduction of alien aquatic organisms into Hawaiian waters.

Your Conference Committee finds that it is important to protect our state waters from the introduction of harmful aquatic life by ships' ballast water or on the ships' hulls. This can best be accomplished by implementing a plan developed through a collaborative effort of state and federal agencies, industry representatives, and scientists.

Therefore, your Conference Committee has agreed to a Conference Draft that clarifies the membership of the alien aquatic organism task force and specifies the issues to be addressed in the comprehensive plan.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1965, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1965, H.D. 1, S.D. 1, C.D. 1.

Senators Metcalf, Levin, Matsunaga, Slom.
Managers on the part of the Senate.

Representatives Tarnas, Tom, Hamakawa, Yamane, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 7 on H.B. No. 2

The purpose of this bill is to amend the state motor carrier law by:

- (1) Extending civil and criminal penalty provisions to include shippers and consignees located in this State, as well as their officers, agents, employees, or representatives;
- (2) Exempting persons transporting seed corn to or from a processing facility from the motor carrier law; and
- (3) Repealing the June 8, 1998, sunset date of Act 105, Session Laws of Hawaii 1995, which allows the Department of Transportation motor vehicle safety officers to enforce motor carrier violations.

Upon further consideration your Committee has amended this measure by:

- (1) Repealing the seed corn exemption on June 30, 2002; and
- (2) Making other technical, nonsubstantive amendments to provide consistency and conform with drafting conventions.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2, H.D. 2, S.D. 1, C.D. 1.

Senators Ige, D., Metcalf, Slom.
Managers on the part of the Senate.

Representatives Hiraki, Menor, Tom, Yamane, Aiona.
Managers on the part of the House.

Conf. Com. Rep. No. 8 on H.B. No. 1660

The purpose of this bill is to exempt the University of Hawaii from the procurement code when making purchases from its bookstores as long as the goods or services are those that are routinely stocked and marketed.

The bill has been amended by:

- (1) Adding a statement of findings and purpose;
- (2) Granting a two-year exemption from the procurement code for goods or services purchased by the office of intercollegiate athletics of the University of Hawaii at Manoa with moneys from the University of Hawaii at Manoa intercollegiate athletics revolving fund; and
- (3) Adding a requirement that the office of intercollegiate athletics of the University of Hawaii at Manoa submit an annual report to the Legislature on the status of the University of Hawaii at Manoa intercollegiate athletics revolving fund.
- (4) Making a technical, nonsubstantive change for the purpose of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1660, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1660, H.D. 2, S.D. 1, C.D. 1.

Senators Aki, Tam, Ige, M., Ige, D., Slom.
Managers on the part of the Senate.

Representatives Morihara, Say, Ahu Isa, Takai, Halford.
Managers on the part of the House.

Conf. Com. Rep. No. 9 on H.B. No. 1638

The purpose of this bill is to increase the number of temporary exempt positions in the Correctional Industries Program in any fiscal year from thirty to sixty.

Upon careful consideration, your Committee on Conference has amended this measure by changing the number of temporary exempt positions in the Correctional Industries Program in any fiscal year from thirty to forty-five.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1638, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1638, H.D. 2, S.D. 1, C.D. 1.

Senators Matsunaga, Chumbley, Fernandes Salling, Fukunaga, McCartney, Anderson.
Managers on the part of the Senate.

Senator Anderson did not concur.

Representatives Garcia, Kanoho, Kahikina, Saiki, Ward.
Managers on the part of the House.

Conf. Com. Rep. No. 10 on H.B. No. 1706

The purpose of this bill is to:

- (1) Place a two-year moratorium on employer assessments to the Employment and Training Fund (ETF); and
- (2) Require the Department of Labor and Industrial Relations to submit a report to the Legislature no later than twenty days prior to the convening of the Regular Session of 1999, on the advisability of continuing the moratorium.

Your Committee on Conference has amended this bill by:

- (1) Changing the moratorium on employer assessments to the ETF from two years to eighteen months; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1706, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1706, H.D. 2, S.D. 2, C.D. 1.

Senators Kanno, Chun Oakland, Fernandes Salling, Fukunaga, Baker, Levin, Kawamoto.
Managers on the part of the Senate.

Representatives Yonamine, Nakasone, Case, Suzuki, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 11 on H.B. No. 1894

The purpose of this bill is to provide statutory authority for the Director (Director) of the Department of Labor and Industrial Relations (DLIR), or the Director's designee when the Director is unavailable, to serve as a member of the Elevator Mechanics Licensing Board (Board).

Currently, the law requires that one member of the Board be the branch manager of the Boiler Elevator Inspection Bureau. As there is no Bureau, the law is being amended to repeal this requirement and to provide instead that the Director or the Director's designee serve as a member of the Board.

Upon careful consideration, your Committee has amended this bill to clarify that the Director's designee shall be an employee of DLIR and possess expertise in elevator and escalator installation and maintenance.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1894, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1894, S.D. 1, C.D. 1.

Senators Baker, Ige, D., Kanno, Slom.
Managers on the part of the Senate.

Representatives Menor, Garcia, Herkes, Lee, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 12 on H.B. No. 1863

The purpose of this bill is to encourage financial self-sufficiency by:

- (1) Requiring that all fees charged by the regulatory agencies within the Department of Commerce and Consumer Affairs (DCCA) to cover, to the greatest extent possible, the cost or value of services rendered to those regulated; and
- (2) Allowing DCCA to assess fees for copies of consumer and business education publications prepared by DCCA.

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

- (1) Retaining the existing statutory language of section 26-9(l)(1), Hawaii Revised Statutes regarding fees assessed by DCCA; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1863, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1863, H.D. 2, S.D. 1, C.D. 1.

Senators Ige, D., Fukunaga, Slom.
Managers on the part of the Senate.

Representatives Menor, Kanoho, Hamakawa, Saiki, Ward.
Managers on the part of the House.

Conf. Com. Rep. No. 13 on H.B. No. 939

The purpose of this bill is to allow automobile rental companies to pass on to a lessee:

- (1) The general excise tax attributable to the transaction;
- (2) The vehicle license and registration fee and weight taxes, prorated at 1/365th of the annual vehicle license and registration fee and weight taxes actually paid on the vehicle being rented; and

- (3) The rental motor vehicle surcharge tax.

This measure also allows the lessor to exclude from the daily and periodic rental cost, charges assessed for general excise taxes, and fees allowed under chapter 437D, Hawaii Revised Statutes, provided that these payments are disclosed.

Your Committee believes the term "payments" does not require specific dollar amounts, but may include types of payments such as vehicle license and registration fees, weight taxes, surcharges, and general excise taxes.

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

- (1) Requiring the lessor to disclose as part of any quotations of price, all payments a lessee must make to rent the vehicle, including all charges provided for in section 437D- , Hawaii Revised Statutes; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 939, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 939, H.D. 1, S.D. 1, C.D. 1.

Senators Baker, Ige, D., Slom.
Managers on the part of the Senate.

Representatives Menor, Lee, Saiki, Yoshinaga, Aiona.
Managers on the part of the House.

Conf. Com. Rep. No. 14 on H.B. No. 2202

The purpose of this bill is to establish the position of a Captive Insurance Administrator to assist in monitoring, regulating, and developing the captive insurance industry.

In addition, this bill also:

- (1) Authorizes the Insurance Commissioner to establish a Captive Insurance Administrative Fund (Fund) from which the Commissioner may compensate the administrator and staff; and
- (2) Requires captive insurance company premium taxes, licensing fees, and examination fees to be deposited into the Fund.

Since the passage of the captive insurance law in 1987, Hawaii has become the premier captive domicile in the Pacific and the second largest captive domicile in the United States. Due to the unique nature of captive insurance and the State's commitment to attract new captive insurance companies, your Committee finds that the establishment of a captive insurance administrator position is needed for the continued and successful growth of Hawaii's captive insurance industry.

Your Committee has amended this bill by correcting the effective date to July 1, 1997.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2202, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2202, H.D. 2, S.D. 1, C.D. 1.

Senators Baker, Ige, D., Fernandes Salling, Slom.
Managers on the part of the Senate.

Representatives Menor, Kanoho, Case, Hamakawa, Ward.
Managers on the part of the House.

Conf. Com. Rep. No. 15 on H.B. No. 1899

The purpose of this bill is to ensure that the State may retain its jurisdiction over health insurance by meeting the compliance requirements under the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA).

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

- (1) Increasing an insurer's potential to achieve higher yields and cost savings by allowing related insurers to acquire investments in investment pools;
- (2) Broadening the definitions of "state" and "United States" to include the governments of American Samoa, Guam, and the United States Virgin Islands;
- (3) Authorizing the Insurance Commissioner to suspend, revoke, or refuse to extend any license issued under Article 9 of the Insurance Code, or any surplus lines broker's license, if a licensee willfully violates or knowingly participates in the violation of any provision of the Code;
- (4) Repealing section 431:3-211, Hawaii Revised Statutes, pertaining to alien reinsurers; and
- (5) Making technical, nonsubstantive amendments to correct drafting errors and for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1899, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1899, H.D. 1, S.D. 1, C.D. 1.

Senators Baker, Ige, D., Chun Oakland.
Managers on the part of the Senate.

Representatives Menor, Herkes, Lee, Saiki, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 16 on H.B. No. 1006

The purpose of this bill is to give a voice to students on the Board of Regents (Board) by adding a member to the Board who is a student of the University of Hawaii.

Your Committee has amended the bill by allowing the individual filling the new seat on the Board to be reappointed, even though at the time of reappointment the individual may no longer be a student due to graduation. As a recent graduate, the member would still retain the perspective of a student. In addition, this individual would have gained two years of valuable experience on the Board.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1006, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1006, H.D. 1, S.D. 2, C.D. 1.

Senators Aki, Tam, Ige, D., Ige, M., Slom.
Managers on the part of the Senate.

Representatives Takai, Chang, Goodenow, Morita, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 17 on H.B. No. 106

The purpose of this bill is to lower from sixteen to fourteen, the age at which the family court may waive jurisdiction over a juvenile who is alleged to have committed violent, serious, or multiple felonies. The bill also allows a court to waive jurisdiction over a juvenile who commits, at any age, an act that would constitute murder or attempted murder if committed by an adult.

Upon further consideration and amendment, this measure was amended by:

- (1) Deleting provisions relating to fingerprinting and photographing;
- (2) Deleting provisions relating to records;
- (3) Making technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 106, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 106, H.D. 1, S.D. 1, C.D. 1.

Senators Matsunaga, Chumbley, McCartney, Metcalf, Anderson.
Managers on the part of the Senate.

Representatives Tom, Herkes, Jones, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 18 on H.B. No. 141

The purpose of this bill is to create a qualified immunity for individuals who volunteer their services to nonprofit or governmental entities.

Upon further consideration and agreement, the bill has been amended by deleting Section 3, relating to the retroactive effect of the measure.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 141, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 141, S.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Tom, Case, Yamane, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 19 on H.B. No. 103

The purpose of this bill is to support business in the State and the ongoing efforts of the Blue Ribbon Task Force on Small Business (Task Force), which was established by Act 272, Session Laws of Hawaii (SLH) 1996, by:

- (1) Changing the name of the "Blue Ribbon Task Force on Small Business" to the "Small Business Task Force on Regulatory Relief";
- (2) Expanding the mission and functions of the Task Force; and
- (3) Extending the duration of the Task Force indefinitely.

Your Committee believes that limiting the duration of the Task Force would encourage the timely submittal of reports of the Task Force's actions and minimize unnecessary delays in the regulatory process based on the review of proposed and current legislation.

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

- (1) Limiting the duration of the Task Force to June 30, 1999;
- (2) Changing the submittal of reports to the Governor and the Legislature to:
 - (a) A report prior to the 1998 Regular Session; and
 - (b) A final report prior to the 1999 Regular Session;
- (3) Repealing Act 272, SLH 1996, on June 30, 1999; and
- (4) Making technical, nonsubstantive amendments for clarity and to correct drafting errors.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 103, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 103, H.D. 2, S.D. 1, C.D. 1.

Senators Taniguchi, Tanaka, Fernandes Salling, Fukunaga, Slom.
Managers on the part of the Senate.

Representatives Herkes, Ito, Ahu Isa, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 20 on H.B. No. 351

The purpose of this bill is to support economic development in the State by requiring the Department of Accounting and General Services (DAGS) to work with the Department of Business, Economic Development, and Tourism (DBEDT) and the Department of Land and Natural Resources (DLNR) to sell the Hawaii Film Studio (Studio) and to lease the underlying property to a private entity or entities on a long-term basis.

In addition, this bill also retains the Film Industry Branch within DBEDT.

Upon due consideration, your Committee has amended this bill as follows:

Part I

- (1) Establishes an eleven-member Permit Process Task Force (Task Force) within DBEDT to streamline and facilitate the state permit approval process when a state regulatory permit is necessary to obtain a county permit;
- (2) Specifies the composition, terms, and duties of the Task Force;
- (3) Makes DBEDT the lead agency to administer and facilitate the Consolidated Application Procedure for projects requiring both county permit applications and state agency approval;
- (4) Authorizes counties that agree to participate in the Consolidated Application Process to advise applicants of the Consolidated Application Procedure; and
- (5) Specifies procedures for permits approved by the appropriate state departments and permits approved by administrative rule.

Part II

- (1) Instead of requiring DAGS to work with DBEDT and DLNR to sell the Studio, authorizes DBEDT to:
 - (a) Enter into a long-term lease for the Studio; and
 - (b) Lease the Studio up to the maximum term allowable by law through a general request for proposals consistent with the Hawaii Public Procurement Code;

provided that the DBEDT Director determines that it would be in the State's best interest to lease the Studio to a private entity or entities; and
- (2) Provides that the lease is to require the Studio and its underlying property to continue to be used as a support facility for the production of film and television productions.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 351, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 351, H.D. 2, S.D. 2, C.D. 1.

Senators Taniguchi, Tanaka, Fernandes Salling, Fukunaga, Kawamoto, Sakamoto, Ihara, Levin, Slom.
Managers on the part of the Senate.

Representatives Herkes, Menor, Say, Aiona.
Managers on the part of the House.

Conf. Com. Rep. No. 21 on H.B. No. 582

The purpose of this bill is to prohibit the exhibition, promotion, and broadcasting of no rules combat, extreme or ultimate fighting, or similar contests. This measure:

- (1) Defines a no rules combat, extreme or ultimate fighting, or similar contest;
- (2) Prohibits the participation in, promotion of, and broadcast of live, taped, or via closed circuit television, no rules combat, extreme or ultimate fighting, or similar contests;
- (3) Establishes a maximum fine of \$10,000 for each violation and provides that promoters found to be in violation of the ban shall be prohibited from doing business in the State for three years; and
- (4) Provides that in proceedings before the Department of Commerce and Consumer Affairs, there is a rebuttable presumption that a violation has occurred.

Upon careful consideration, your Committee has amended the bill by:

- (1) Deleting the ban on the broadcast of no rules combat, extreme or ultimate fighting, or similar contests, based upon potential constitutional problems;
- (2) Providing that a person in violation of the prohibition shall be subject to section 436B-26.5, Hawaii Revised Statutes, and that each day's violation or failure to comply shall be deemed a separate offense;
- (3) Deleting the three-year prohibition against doing business in this State for promoters found to be in violation of the ban; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 582, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 582, H.D. 1, S.D. 1, C.D. 1.

Senators Baker, Ige, D., Chun Oakland.
Managers on the part of the Senate.

Representatives Menor, Tom, Lee, Yamane, Kawanakoa.
Managers on the part of the House.

Conf. Com. Rep. No. 22 on H.B. No. 1309

The purpose of this bill is to:

- (1) Provide that condominium managing agents and associations of apartment owners may provide evidence of fidelity bond coverage when registering with the Real Estate Commission by submitting an insurer's certification statement; and
- (2) Exempt from the requirements of Chapter 514A, Hawaii Revised Statutes (HRS), any condominium project created prior to May 29, 1963, pursuant to Act 180, SLH 1961, unless an express declaration has been made by all of the owners and holders of liens affecting any of the apartments in the project, stating that the chapter shall apply to the property.

Upon careful consideration, your Committee has amended the bill by providing that:

- (1) Chapter 514A, HRS, shall not apply to any association of apartment owners created prior to May 29, 1963, pursuant to Act 180, SLH 1961, unless an express declaration has been made by all of the owners and holders of liens affecting any of the apartments, stating that the chapter shall apply to the property; and
- (2) Any condominium project or association of apartment owners created prior to May 29, 1963, pursuant to Act 180, SLH 1961, having seven or more apartments, shall comply with the requirements of sections 514A-95.1 and 514A-132, HRS, with the exception of fidelity bond coverage.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1309, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1309, H.D. 1, S.D. 2, C.D. 1.

Senators Bunda, Ige, D., Ige, M., Baker, Aki, Matsunaga, Solomon, Anderson.
Managers on the part of the Senate.

Representatives Menor, Herkes, Saiki, Yoshinaga, Kawanakoa.
Managers on the part of the House.

Conf. Com. Rep. No. 23 on H.B. No. 636

The purpose of this bill is to set forth acceptable tolerances for discrepancies in structures or improvements relative to private property boundaries for various classes of real property.

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

- (1) Replacing the term "de minimus structure position" with "de minimus structure position discrepancy" to be consistent with the definition in section 669-A of section 2 of this bill;
- (2) Clarifying that the property owner who constructed the improvement, or the property owner's successor in interest, shall be responsible for the cost of removing any improvement encroaching on county property in accordance with county procedures or ordinances;
- (3) Clarifying that it is not any improvement on county property that must be removed but rather any improvement within a de minimus structure position discrepancy that must be removed when subject to these provisions; and
- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 636, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 636, H.D. 2, S.D. 1, C.D. 1.

Senators Iwase, Solomon, Chumbley, Matsunaga, Tanaka, Anderson.
Managers on the part of the Senate.

Representatives Hamakawa, Tom, Goodenow, Yamane, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 24 on H.B. No. 1762

The purpose of this bill is to:

- (1) Expedite the disposal of an impounded vessel in a commercial harbor with an appraised value of \$125 per foot of the overall length, but not exceeding \$5,000; and
- (2) Allow the owner or operator of such a vessel to submit an appraisal of the vessel's value at the expense of the owner or operator.

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

- (1) Specifying that if the vessel, as determined by an independent appraiser with at least five years of experience in marine surveying, is appraised at:
 - (A) Less than \$125 per foot of the overall length for vessels up to 40 feet in length; or
 - (B) Less than \$5,000 for vessels over 40 feet,the vessel may be sold by negotiation, disposed of, or donated to any governmental agency;
- (2) Providing that the owner or operator of the vessel may submit an appraisal of the value of the vessel within thirty days of the impoundment by an independent appraiser with at least five years of experience in marine surveying, at the expense of the owner or operator;
- (3) Providing that if the appraised value of the vessel by the appraiser hired by the owner or operator of the vessel is equal to or greater than \$125 per foot of the overall length for vessels up to 40 feet in length, or the value is equal to or greater than \$5,000 for vessels over 40 feet in length, the Department of Transportation shall either:
 - (A) Hold an administrative hearing within ten days to determine the value of the vessel; or
 - (B) Dispose of it by public auction. If no bid is received, the vessel may be sold by negotiation, disposed of, or donated to any governmental agency;and
- (4) Making technical, nonsubstantive amendments to conform with drafting conventions.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1762, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1762, S.D. 1, C.D. 1.

Senators Sakamoto, Kawamoto, Anderson.
Managers on the part of the Senate.

Representatives Hiraki, Say, Nakasone, Takumi, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 25 on H.B. No. 1105

The purpose of this bill is to establish a demonstration project to ensure that children on Kauai receive adequate dental care by:

- (1) Having each child admitted to any school for the first time submit a dental health certificate or certification from a dentist stating that the child will undergo a dental examination and will have all necessary treatment; and

- (2) Requiring the Department of Health and the Department of Education to coordinate their efforts in a public education program and in implementing and administering this project.

Your Committee has amended the bill by adding that a child who submits certification of the intent to undergo dental examination and have treatment performed will submit to school officials further certification no later than three months after the child entered school.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1105, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1105, H.D. 2, S.D. 1, C.D. 1.

Senators Tam, Levin, Aki, Fernandes Salling, Metcalf, Slom.
Managers on the part of the Senate.

Representatives Santiago, Stegmaier, Kawakami, Morita, Halford.
Managers on the part of the House.

Conf. Com. Rep. No. 26 on H.B. No. 1819

The purpose of this bill is to clarify the labeling and refill requirements for prescription drugs.

Your Committee on Conference has amended this measure by:

- (1) Providing that refill prescription requirements apply only to pharmacies practicing in the State; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1819, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1819, H.D. 1, S.D. 1, C.D. 1.

Senators Metcalf, Levin, Baker, Slom.
Managers on the part of the Senate.

Representatives Santiago, Menor, Lee, Saiki, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 27 on H.B. No. 631

The purpose of this bill is to provide for health care decisions to be made by a legal surrogate under certain circumstances.

Your Committee finds that the informal family consent practice in the community should be supported by an appropriate legal basis containing appropriate safeguards. Your Committee finds that this measure, which sunsets in 1999, will provide a meaningful demonstration of the surrogate decision-making process.

Your Committee has amended the measure by:

- (1) Eliminating the reference to orders not to resuscitate;
- (2) Providing for an order of priority in the designation of the legal surrogate;
- (3) Adding language to provide that the surrogate cannot order actions or inaction which would eliminate the provision of ordinary and usual medical care or treatment;
- (4) Clarifying that this legal surrogate concept only applies when there is no other authority to make medical decisions on behalf of the resident, except in the circumstance where the resident has made the designation;
- (5) Clarifying that, when appropriate, certain communications are to be made to the resident;
- (6) Providing that surrogate decision-making authority ends if the surrogate is discharged; and
- (7) Making technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 631, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 631, H.D. 2, S.D. 2, C.D. 1.

Senators Levin, Metcalf, Chumbley, Matsunaga, Chun Oakland, Slom.
Managers on the part of the Senate.

Representatives Santiago, Tom, Lee, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 28 on H.B. No. 111

The purpose of this bill is to create a new Class A felony offense known as "continuous sexual abuse of a child," which provides specific circumstances under which sexual abuse of a minor is deemed a continuing offense.

Upon further consideration and agreement, this measure was amended by making a minor technical correction in a case citation in the preamble.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 111, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 111, H.D. 1, S.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Tom, Lee, Yamane, Yoshinaga, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 29 on H.B. No. 581

The purpose of this bill is to define the liability of persons who own or operate businesses providing recreational activities to the public.

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

- (1) Specifying that the stated recreational activities are not all-inclusive;
- (2) Clarifying that the negligent acts and omissions are those of persons who own or operate businesses providing recreational activities;
- (3) Specifying that the damages discussed are for injuries to a patron;
- (4) Deleting the requirement that if the participant in the recreational activity is a minor, the written release be signed by the minor and the minor's parent or legal guardian;
- (5) Deleting reference that this bill shall affect the application of chapter 663B, Hawaii Revised Statutes, which relates to equine activities;
- (6) Specifying that the bill applies only to causes of action based on acts or omissions occurring after June 30, 1997;
- (7) Changing the effective date of the bill to July 1, 1997; and
- (8) Making technical, nonsubstantive changes for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 581, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 581, H.D. 1, S.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Herkes, Tom, Ito, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 30 on H.B. No. 1713

The purpose of this bill is to make technical, nonsubstantive amendments to the Hawaiian Homes Commission Act, 1920, as amended.

Your Committee on Conference has amended this bill by:

- (1) Changing the defined term "Native Hawaiian" back to "native Hawaiian" to maintain consistency throughout the Hawaiian Homes Commission Act, 1920, as amended; and
- (2) Making other technical, nonsubstantive amendments to conform with proper drafting style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1713, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1713, H.D. 1, S.D. 1, C.D. 1.

Senators Iwase, Solomon, Fernandes Salling, Fukunaga, Tanaka, Anderson.
Managers on the part of the Senate.

Representatives Case, Tom, Say, Yamane, Kawanakoa.
Managers on the part of the House.

Conf. Com. Rep. No. 31 on H.B. No. 20

The purpose of this bill, as received by your Committee, is to establish a Motor Vehicle Graduated Driver Licensing Program for persons who are at least fifteen years old. This program shall operate within the City and County of Honolulu from January 1, 1998, to December 31, 2000.

Your Committee finds that teenagers in Hawaii are killed in motor vehicle accidents at more than twice the frequency of older drivers. Although similar graduated driver licensing programs have proven successful in other states, this is not the only approach to deal with this situation.

Upon further consideration, your Committee has amended this measure by deleting its substance and inserting provisions that:

- (1) Prohibit the Examiner of Drivers from examining any applicant, who is fifteen through seventeen years old, for a driver's license unless the applicant holds a valid instruction permit for no fewer than ninety days;
- (2) Require the temporary instruction permittee to be accompanied by a person who is eighteen years or older when driving;
- (3) Require the Director of Transportation, with the cooperation and assistance of the Examiner of Drivers to review and study drivers' licensing procedures to recommend legislative measures to update procedures; and
- (4) Amend the effective date to take effect July 1, 1997.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 20, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 20, H.D. 1, S.D. 2, C.D. 1.

Senators Kawamoto, Sakamoto, Chumbley, Matsunaga, McCartney, Slom.
Managers on the part of the Senate.

Representatives Hiraki, Tom, Case, Herkes, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 32 on H.B. No. 116

The purpose of this bill is to provide for zero tolerance of drinking and driving for persons under the age of twenty-one.

Specifically, this bill creates a new offense for persons under the age of twenty-one driving with an alcohol concentration equal to or greater than .02 and less than .08. The bill also provides for the suspension of driving privileges of a person arrested for this new offense, if the person refuses to submit to a breath or blood test under implied consent statutes.

It has long been recognized that young drivers under the age of twenty-one are a significant factor in the most serious alcohol-related motor vehicle accidents. Accident rates for these young drivers are approximately double that which would be expected, given their proportion among all licensed drivers. Your Committee notes, however, that studies have shown that zero tolerance laws have had a twenty percent relative reduction on the proportion of fatal crashes among drivers under age twenty-one.

In addition, your Committee finds that an amendment to the 1995 National Highway Systems Act requires that all states enact a zero tolerance law by October 1, 1998, or face the loss of federal highway funds. Non-compliance with this mandate during the first year will result in the loss of five percent of Hawaii's federal highway funds. If the State fails to comply by October 1, 1999, the percentage of federal highway moneys withheld will increase to ten percent.

In view of the foregoing, your Committee strongly believes that adoption of a zero tolerance law is in the best interest of the public's health, safety, and welfare.

Your Committee has amended this bill by:

- (1) Consolidating the first four sections of the bill into one section that creates a new section in chapter 286, Hawaii Revised Statutes (highway safety), providing for procedures, court hearing, and sanctions for refusal to submit to breath or blood testing;
- (2) Clarifying that the new section 286- , Hawaii Revised Statutes, relating to refusal to submit to testing, applies only to persons under the age of twenty-one who are arrested for driving after consuming a measurable amount of alcohol and does not create new procedures and sanctions for persons under arrest for driving under the influence of intoxicating liquor who refuse to submit to testing;
- (3) Adding a new subsection (f) to the new section 286- , clarifying that the definition of "measurable amount of alcohol" is the same as in section 291- (a), Hawaii Revised Statutes;
- (4) Changing the number of required hours of attendance of an alcohol abuse education and counseling program for a first offense under 291- (b)(1) from "seven or more hours as ordered by the court" to "not more than ten hours";
- (5) Clarifying and correcting a number of cross-references in the bill, notably at line 7 on page 1, lines 4, 11, and 19 on page 3, lines 17 and 18 on page 9, and lines 6 and 16 on page 10;
- (6) Deleting section 9 of the bill, as it related to the consolidated sections, and renumbering all sections of the bill consecutively; and
- (7) Making a number of technical nonsubstantive changes for purposes of style, clarity, and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 116, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 116, H.D. 2, S.D. 2, C.D. 1.

Senators Sakamoto, Chumbley, Kawamoto, Matsunaga, McCartney.

Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Hiraki, Tom, Takumi, Yamane, Moses.
Managers on the part of the House.

Conf. Com. Rep. No. 33 on H.B. No. 1012

The purpose of this bill is to clarify that the superintendent's authorized representative to approve the suspension of a student for up to 92 school days for the possession of a dangerous weapon, switchblade knife, intoxicating liquor, or illicit drugs while attending school, must be the district superintendent or deputy district superintendent with authority over the student.

Your Committee, in Conference Draft 1, amended this bill to provide that the superintendent, the deputy superintendent, or the district superintendent with authority over the child is authorized to approve the suspension of a student for up to 92 school days for the possession of a dangerous weapon, switchblade knife, intoxicating liquor, or illicit drugs while attending school.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1012, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1012, S.D. 1, C.D. 1.

Senators Tam, Aki, Chumbley, Matsunaga, Sakamoto.
Managers on the part of the Senate.

Representatives Stegmaier, Tom, Morita, Yamane, McDermott.
Managers on the part of the House.

Conf. Com. Rep. No. 34 on H.B. No. 1841

The purpose of this bill is to streamline functions of the State Health Planning and Development Agency (SHPDA) and allow the agency to evolve from one that is designed for a fee-for-service health care environment to one that is adaptable to a managed care environment.

Specifically, this bill:

- (1) Provides a definition of "primary care clinic" and clarifies that these facilities are limited to clinics for outpatient services, and do not include health care facilities, such as hospitals, that provide inpatient health care services;
- (2) Removes the list of facilities included in the definition of "organized ambulatory health care facility", thereby allowing SHPDA to differentiate between the private practice of medicine and organized ambulatory health care facilities;
- (3) Deletes the requirement that SHPDA prepare and execute an annual implementation plan that guides SHPDA in achieving the system of care envisioned in the state health services and facilities plan;
- (4) Specifies that SHPDA has as a principal function, the responsibility for promoting accessibility for all people of the State to quality health care services at reasonable cost;
- (5) Clarifies the type of information that providers of health care are required to provide SHPDA;
- (6) Requires SHPDA to publish in a newspaper of general circulation, a legal notice of the administrative review of applications received by SHPDA;
- (7) Allows interested persons to request a public meeting before SHPDA renders its decision on applications;
- (8) Reduces from thirty days to ten working days, the amount of time a person may request SHPDA to reconsider its decision;
- (9) Establishes a fine of up to \$2,000 for anyone who violates the requirements for a certificate of need; and
- (10) Expands the exemptions from the requirement for certificates of need.

Your Committee finds that SHPDA's shift of focus from cost control to access is necessary and appropriate. By accomplishing that adjustment in SHPDA, this measure is essential for the rural areas of the State where marketplace competition is virtually nonexistent due to small populations.

Your Committee believes that the penalty provisions of this bill needed clarification and amended this bill by providing a hearing opportunity requirement prior to the assessment of the administrative penalty and by setting forth the criteria for a prima facie case for collecting the penalty.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1841, H.D. 3, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1841, H.D. 3, S.D. 2, C.D. 1.

Senators Metcalf, Levin, Chun Oakland, Slom.
Managers on the part of the Senate.

Representatives Santiago, Tom, Kawakami, Kahikina, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 35 on H.B. No. 65

The purpose of this bill is to require pawnbrokers to take a photo or fingerprints of a customer who does not have verification of identity, and retain the photo or fingerprints on file.

Upon careful consideration, your Committee has amended this bill by requiring a pawnbroker to take a customer's thumbprint and to retain the thumbprint on file instead of a photo or fingerprints.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 65, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 65, H.D. 1, S.D. 1, C.D. 1.

Senators Baker, Ige, D..
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Menor, Tom, Aiona.
Managers on the part of the House.

Conf. Com. Rep. No. 36 on H.B. No. 113

The purpose of this bill is to revise provisions of the controlled substances law.

Upon further consideration and agreement, this measure has been amended to allow the Narcotics Enforcement Division of the Department of Public Safety to place substances into schedules I, II, III, IV, or V on a temporary basis to address or avoid a current or imminent danger to the health and safety of the public.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 113, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 113, H.D. 1, S.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, Metcalf, Anderson.
Managers on the part of the Senate.

Representatives Tom, Case, Jones, Yamane, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 37 on H.B. No. 107

The purpose of this bill is to make records of certain adjudicated juvenile law violators open to the public.

Upon further consideration and agreement, this measure was amended to make legal proceedings related to certain juveniles taken into custody for a serious, violent, or repeat offense open to the public.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 107, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 107, H.D. 1, S.D. 1, C.D. 1.

Senators Matsunaga, Chumbley, McCartney, Metcalf, Anderson.
Managers on the part of the Senate.

Representatives Tom, Herkes, Jones, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 38 on H.B. No. 1451

The purpose of this bill as received is to:

- (1) Repeal chapters 486E and 486I, Hawaii Revised Statutes (HRS), to consolidate petroleum industry reporting under the department of business, economic development, and tourism;
- (2) Amend chapter 486H, HRS, to add a new section to provide certain restrictions on company operated retail service stations and provide certain protection for dealer operated retail service stations.

Your Committee has amended this measure to:

- (1) Add legislative findings and declarations;
- (2) Rename -5, "summary reports", to "analysis of information; audits and inspections; summary reports", and to include the expanded language of the original bill;
- (3) Add a new section, -11, powers of the public utilities commission;
- (4) Add a new part II, petroleum advisory council, establishment, and duties;
- (5) Delete proposed language in 486H- , related to acquiring in any manner existing company operated or dealer operated retail service stations;

- (6) Delete the proposed ratio language concerning company operated to dealer operated;
- (7) Change distance between new company operated stations and dealer operated stations from two miles to one-eighth mile in an urban area, and one-quarter mile in other areas, and define the terms "urban" and "other areas";
- (8) Amend the proposed lease renewal language to further clarify the lease rent caps, provided that these provisions shall not apply to any existing contracts that may be in conflict with the provisions;
- (9) Add language that nothing in the section shall prohibit a dealer from selling a retail service station;
- (10) Repeal section 486H-10, Hawaii Revised Statutes;
- (11) Delete the instructions to the revisor of statutes; and
- (12) Make technical, nonsubstantive amendments for the purpose of clarification and to follow standard drafting format.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1451, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1451, H.D. 1, S.D. 1, C.D. 1.

Senators Baker, Ige, D., Solomon.
Managers on the part of the Senate.

Representatives Yoshinaga, Menor, Tom, Yamane.
Managers on the part of the House.

Conf. Com. Rep. No. 39 on H.B. No. 1287

The purpose of this bill is to provide that if contractors, subcontractors, and materialmen who perform work or provide materials for state construction projects are not paid amounts due for their nondisputed, completed work, and delivered materials, they may immediately pursue the bond posted for that job.

Your Committee has amended this bill by:

- (1) Providing that written notice be served by registered or certified mailing of the notice, and not by facsimile transmission; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1287, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1287, H.D. 1, S.D. 2, C.D. 1.

Senators Ige, M., Bunda, Fernandes Salling, Fukunaga, Tam and Anderson.
Managers on the part of the Senate.

Representatives Say, Nakasone and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 40 on H.B. No. 1686

The purpose of this bill is to make the state procurement system more efficient by, among other things:

- (1) Allowing the Director of Taxation to waive the tax clearance requirements in certain cases to expedite the procurement process;
- (2) Requiring all state and county procurement officers or agents to withhold final payment of a contract until the receipt of tax clearances from the Director of Taxation and the Internal Revenue Service;
- (3) Limiting the application of preferences to competitive sealed bidding and competitive sealed proposals;
- (4) Allowing procurement preference to a bidder who has filed all state tax returns and paid all amounts owing on such returns for:
 - (a) Two successive years before submitting a bid that is \$5,000,000 or less provided the bid is not more than seven percent higher than any competitor's bid; and
 - (b) Four successive years before submitting a bid that is more than \$5,000,000 provided the bid is not more than seven percent higher than any competitor's bid;
- (5) Increasing the small purchase threshold for goods and services from under \$10,000 to under \$25,000; and
- (6) Making amendments to the Hawaii Products Preferences Law.

Your Committee has amended this bill by:

- (1) Specifying that the provisions of the section relating to tax clearances in the bill are not applicable to any contracts under \$25,000;

- (2) Amending Act 314, Session Laws of Hawaii 1996, to clarify the application of the tax clearance requirements;
- (3) Making amendments to chapter 103, Hawaii Revised Statutes (HRS), similar to those made to chapter 103D, HRS, regarding the waiver of tax clearances and the withholding of final payment of a contract until the receipt of tax clearances;
- (4) Changing the effective date of the bill to October 1, 1997, except for section 3 of the bill, which is to take effect on July 1, 1997; and
- (5) Making technical, nonsubstantive amendments for clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1686, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1686, H.D. 1, S.D. 2, C.D. 1.

Senators Ige, M., Bunda, Fernandes Salling, Fukunaga, Tam, Anderson.
Managers on the part of the Senate.

Representatives Say, Nakasone, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 41 on H.B. No. 1675

The purpose of this bill is to require the Department of Labor and Industrial Relations (DLIR) to:

- (1) Regulate cranes and other hoisting machines, and their operators; and
- (2) Adopt rules within one year of the effective date of the Act, with the advice of affected employee and employer groups, regulating crane and hoisting machines and their operators with respect to construction, demolition, and excavation work.

Upon careful consideration, your Committee has amended the bill by:

- (1) Amending section 396-3, Hawaii Revised Statutes (HRS), to add definitions for "hoisting machine" and "hoisting machine operator";
- (2) Deleting the provision requiring DLIR to adopt rules regarding construction, demolition, and excavation work;
- (3) Requiring the director of DLIR to consult with affected labor organizations, labor/management organizations, and management organizations with expertise in local hoisting operation training and practical testing experience, to develop in consultation with the industry recommendations for certification and a plan for implementing certification of hoisting machine operators;
- (4) Providing that the recommendations shall include:
 - (a) Minimum certification requirements, including approved apprenticeships or training programs;
 - (b) Minimum proficiency requirements for certification exams;
 - (c) Provisions for oral or reader-assisted exams for applicants unable to pass the written exam;
 - (d) Qualifications for test administration organizations contracted by the department, with priority to be given to organizations with expertise and experience in the State;
 - (e) Certification exemption requirements;
 - (f) Procedures for certification issuance, renewal, revocation, and suspension;
 - (g) Classifications of certification;
 - (h) Applicable definitions; and
 - (i) Other items relevant to the certification issue;
- (5) Requesting that the director submit to the Legislature prior to the convening of the 1998 regular session a report that includes:
 - (a) Recommendations for certification of hoisting machine operators;
 - (b) A plan for certification implementation procedures; and
 - (c) Additional concerns of the various affected organizations;

and
- (6) Providing that the Act shall take effect upon approval, except as to section 2 of the Act which shall be effective on July 1, 1998.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1675, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1675, H.D. 2, S.D. 1, C.D. 1.

Senators Baker, Ige, D., Fukunaga, Kanno, Anderson.
Managers on the part of the Senate.

Representatives Menor, Suzuki, Garcia, Lee, Ward.
Managers on the part of the House.

Conf. Com. Rep. No. 42 on H.B. No. 1771

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining unit 2 cost items, including the cost of salary adjustments negotiated between the public employers and the exclusive representative of bargaining unit 2 for the fiscal biennium 1997-1999.

Your Committee has amended this bill by:

- (1) Inserting the actual amounts to be appropriated or authorized to cover the costs of the cost items and salary adjustments for unit 2;
- (2) Changing the effective date of this measure to July 1, 1997; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1771, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1771, S.D. 1, C.D. 1.

Senators Fernandes Salling, Fukunaga, Kanno, Chun Oakland, Taniguchi, Anderson.
Managers on the part of the Senate.

Representatives Say, Ito, Kawakami, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 43 on H.B. No. 1774

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining unit 5 cost items, including the cost of salary adjustments negotiated between the public employers and the exclusive representative of bargaining unit 5 for the fiscal biennium 1997-1999.

Your Committee has amended this measure by:

- (1) Inserting the actual amounts to be appropriated or authorized to cover the costs of the cost items and salary adjustments for unit 5;
- (2) Changing the effective date of this measure to July 1, 1997; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1774, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1774, S.D. 1, C.D. 1.

Senators Fernandes Salling, Fukunaga, Kanno, Chun Oakland, Taniguchi, Anderson.
Managers on the part of the Senate.

Representatives Say, Ito, Kawakami, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 44 on H.B. No. 1776

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining unit 7 cost items, including the cost of salary adjustments negotiated between the public employers and the exclusive representative of bargaining unit 7 for the fiscal biennium 1995-1997.

Your Committee has amended this bill by:

- (1) Inserting the actual amounts to be appropriated or authorized to cover the costs of the cost items and salary adjustments for unit 7;
- (2) Changing the effective date of this measure to July 1, 1997; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1776, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1776, S.D. 1, C.D. 1.

Senators Fernandes Salling, Fukunaga, Kanno, Chun Oakland, Taniguchi, Anderson.

Managers on the part of the Senate.

Representatives Say, Ito, Kawakami, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 45 on H.B. No. 1777

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining unit 8 cost items, including the cost of salary adjustments negotiated between the public employers and the exclusive representative of bargaining unit 8 for the fiscal biennium 1995-1997.

Your Committee has amended this bill by:

- (1) Inserting the actual amounts to be appropriated or authorized to cover the costs of the cost items and salary adjustments for unit 8;
- (2) Changing the effective date of this measure to July 1, 1997; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1777, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1777, S.D. 1, C.D. 1.

Senators Fernandes Salling, Fukunaga, Kanno, Chun Oakland, Taniguchi, Anderson.
Managers on the part of the Senate.

Representatives Say, Ito, Kawakami, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 46 on H.B. No. 1778

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining unit 9 cost items, including the cost of salary adjustments negotiated between the public employers and the exclusive representative of bargaining unit 9 for the fiscal biennium 1997-1999.

Your Committee has amended the bill by:

- (1) Inserting the actual amounts to be appropriated or authorized to cover the costs of the cost items and salary adjustments for unit 9;
- (2) Changing the effective date of this measure to July 1, 1997; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1778, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1778, H.D. 1, S.D. 1, C.D. 1.

Senators Fernandes Salling, Fukunaga, Kanno, Chun Oakland, Taniguchi, Anderson.
Managers on the part of the Senate.

Representatives Say, Ito, Kawakami, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 47 on H.B. No. 1792

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining unit 11 cost items, including the cost of salary adjustments negotiated between the public employers and the exclusive representative of bargaining unit 11 for the fiscal biennium 1997-1999.

Your Committee has amended this bill by:

- (1) Inserting the actual amounts to be appropriated or authorized to cover the costs of the cost items and salary adjustments for unit 11; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1792, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1792, S.D. 1, C.D. 1.

Senators Fernandes Salling, Fukunaga, Kanno, Chun Oakland, Taniguchi, Anderson.
Managers on the part of the Senate.

Representatives Say, Ito, Kawakami, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 48 on H.B. No. 979

The purpose of this bill is to increase the cigarette excise tax from 3.00 to 5.50 cents for each cigarette after June 30, 1997, and to increase the tobacco products excise tax from forty to fifty percent of the wholesale price. The bill also requires tax-exempt cigarettes to be identified and prohibits their sale unless authorized by license or law.

The bill has been amended by deleting the provisions relating to the increase in the cigarette excise tax and the tobacco products excise tax.

It is your Committee's understanding that if cigarettes are shipped directly to a wholesaler, the wholesaler is required to:

- (1) Determine, at the point the sale is made, whether the sale is taxable or non-taxable; and
- (2) Meet the identification requirements established by this measure.

Conversely, if a manufacturer ships directly to a non-civilian customer, the manufacturer bears the responsibility of meeting these requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 979, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 979, H.D. 2, S.D. 1, C.D. 1.

Senators Fernandes Salling, Fukunaga, Levin.
Managers on the part of the Senate.

Representatives Santiago, Say, Kahikina, Suzuki, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 49 on H.B. No. 1664

The purpose of this bill is to authorize Hawaii's participation in the Western Governors University by:

- (1) Designating the Board of Regents of the University of Hawaii to serve as a member of the Western Governors University on behalf of the State; and
- (2) Appropriating funds for membership in the Western Governors University.

Your Committee has amended this bill by:

- (1) Changing the appropriation from \$1 to \$100,000 for fiscal year 1997-1998, for membership in the Western Governors University; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1664, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1664, H.D. 1, S.D. 2, C.D. 1.

Senators Aki, Tam, Ige, D., Taniguchi.
Managers on the part of the Senate.

Representatives Morihara, Chang, Ahu Isa, Tarnas, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 50 on H.B. No. 417

The purpose of this bill is to ensure funding for the Hawaii statewide trail and access program (Na Ala Hele). This bill would deposit a proportional share of fuel tax revenues, user fees, and private funds into the special land and development fund.

Your Committee finds that the continued success of this program requires a stable funding base. Providing funds from the fuel tax for the Na Ala Hele program will allow the Department of Land and Natural Resources to rely on a continuous source of funds to properly manage, maintain, and develop trails and trail accesses.

Your Committee has amended this bill by appropriating \$200,000 to the special land and development fund for the fiscal year 1997-1998.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 417, H.D. 3, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 417, H.D. 3, S.D. 1, C.D. 1.

Senators Sakamoto, Taniguchi, Kawamoto, Tanaka, Aki.
Managers on the part of the Senate.

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

Conf. Com. Rep. No. 51 on S.B. No. 135

The purpose of this bill is to:

- (1) Amend section 459-1.5, Hawaii Revised Statutes (HRS), to add a definition of "surgery";
- (2) Amend section 459-1, HRS, to clarify the scope of optometric practice;
- (3) Repeal section 459-15, HRS; and
- (4) Amend Act 292, Session Laws of Hawaii 1996, to require completion of one hundred hours of preceptorship under the supervision of an ophthalmologist as part of the certification process; require completion of fifty hours of continuing education as a condition of biennial license renewal; change the effective date for establishment and operation of the joint advisory formulary committee; and for rulemaking to implement certification standards and criteria from July 1, 1999, to July 1, 1997.

Your Committee has amended this bill to:

- (1) Reflect changes pertaining to the foreign body removal in section 459-1, HRS by deleting the prohibition of the use of sharp instruments; and
- (2) Add a continuing education credit of thirty-six hours.

Your Committee notes these amendments are mutually agreed to by the Hawaii Optometric Association and the Hawaii Ophthalmological Society, and your Committee is very appreciative of the work of these professional organizations in drafting these amendments.

Your Committee has also made technical, nonsubstantive amendments to conform to standard drafting language.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 135, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 135, S.D. 1, H.D. 2, C.D. 1.

Senators Baker, Ige, D., Chun Oakland, Slom.
Managers on the part of the Senate.

Representatives Santiago, Menor, Cachola, Lee, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 52 on S.B. No. 512

The purpose of this bill is to add a new section to chapter 453, Hawaii Revised Statutes (HRS), which authorizes the issuance of a training replacement temporary license to a physician for the purpose of substituting for another physician licensed in this State.

Your Committee has amended this bill by reinserting language from a previous draft of the bill, which was deleted inadvertently. The language amends section 453-2(b), HRS, to include in-person, mail, electronic, telephone, fiber-optic, or other telemedicine consultation with a licensed practitioner in this State.

Your Committee has also made technical, nonsubstantive amendments to conform to standard drafting language.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 512, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 512, S.D. 2, H.D. 2, C.D. 1.

Senators Baker, Chun Oakland, Slom.
Managers on the part of the Senate.

Representatives Santiago, Menor, Cachola, Saiki, Kawananaoka.
Managers on the part of the House.

Conf. Com. Rep. No. 53 on S.B. No. 175

The purpose of this bill is to allow the Department of Land and Natural Resources (Department) flexibility to adopt rules authorizing the limited possession, cultivation, and sale of selected endangered and threatened land plants.

Your Committee on Conference amended this bill by mandating that the Department adopt rules authorizing the limited possession, cultivation, and sale of selected endangered and threatened land plants.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 175, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 175, H.D. 1, C.D. 1.

Senators Levin, Metcalf, Chun Oakland, Tam, Slom.
Managers on the part of the Senate.

Representatives Yoshinaga, Kanoho, Goodenow, Tarnas, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 54 on S.B. No. 373

The purpose of this bill is to make housekeeping amendments to certain provisions of the water pollution law, chapter 342D, Hawaii Revised Statutes (HRS).

Specifically, the measure:

- (1) Prohibits the Director of Health from granting or denying an application for the issuance or renewal of a permit without affording any person who comments on a proposed permit during the public comment period an opportunity for a hearing in accordance with chapter 91, HRS;
- (2) Specifies that a request for a hearing, a hearing, and any judicial review of a hearing shall not stay the effect of the issuance or renewal of a permit unless specifically ordered by the Director of Health or a court;
- (3) Clarifies that section 342D-6(d), HRS, pertains to water pollution permits; and
- (4) Establishes conditions under which the Director of Health may modify, suspend, revoke, or revoke and reissue any sludge permit.

Your Committee finds that this measure is necessary to provide consistency with federal regulations and to ensure protection of our waters.

Upon further consideration, your Committee has amended the measure by making a technical, nonsubstantive amendment for the purpose of style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 373, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 373, H.D. 1, C.D. 1.

Senators Levin, Metcalf, Tam, Slom.
Managers on the part of the Senate.

Representatives Yoshinaga, Tom, Goodenow, Yamane, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 55 on S.B. No. 165

The purpose of this bill is to promote the donation of pharmaceuticals and healthcare supplies by providing an exception to liability for charitable, religious, and nonprofit organizations that distribute these donated supplies.

Presently, organizations that distribute donated food items to families and individuals that are unable to afford these basic staples of life are afforded protection from liability.

However, there does not exist similar protection for organizations that wish to distribute pharmaceuticals and healthcare supplies to equally needy families and individuals.

Therefore, your Committee believes that it would be in the best interest of Hawaii's people to extend to the donation of these items, similar protection presently afforded to the donation of food under the Donation of Food law (chapter 145D, Hawaii Revised Statutes).

Your Committee has amended the bill by making technical, nonsubstantive revisions.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 165, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 165, S.D. 2, H.D. 1, C.D. 1.

Senators Metcalf, Levin, Matsunaga, Slom.
Managers on the part of the Senate.

Representatives Santiago, Tom, Menor, Yamane, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 56 on S.B. No. 1554

The purpose of this bill is to provide for an expedited appeals process for cases heard by the Hawaii Housing Authority (HHA) for termination of leases and for eviction of tenants.

Your Committee finds that the Board of Commissioners of the HHA currently hears all appeals of the HHA. The HHA has testified that this is cumbersome and has resulted in a delay in evictions, resulting in a backlog of cases that go back for 8 to 10 months before eviction. This bill proposes to expedite the appeals process by allowing the HHA to appoint an appeals board in each county to hear appeals, in addition to the HHA.

Your Committee has amended S.B. No. 1554, S.D. 1, H.D. 2, to change the reference from "authority commission" to "authority," in the amendment to section 360-4, Hawaii Revised Statutes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1554, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1554, S.D. 1, H.D. 2, C.D. 1.

Senators Chun Oakland, Kanno, Levin, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Arakaki, Tom, Saiki, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 57 on S.B. No. 1879

The purpose of this bill is to allow adult residential care homes (ARCH) to admit patients requiring nursing home level care.

Your Committee finds that the elderly population in Hawaii is increasing, as well as the costs of long-term nursing home care. For these reasons, it is even more imperative that alternative forms of long-term care be made available for our senior citizens as well as for other individuals who would otherwise require much more expensive institutional long-term care in nursing homes.

Your Committee further finds that allowing ARCHs to admit patients requiring nursing home level care would provide such individuals the care they need at a more affordable rate. However, your Committee also believes that this kind of an expansion needs to be approached with caution to ensure the resident's care, safety, and well-being in addition to the proper training of ARCH operators and employees.

It is the intent of your Committee to provide for the expansion of the demonstration wait-list project at Maluhia to serve as the pilot model for other ARCHs to admit private pay nursing home level care patients and patients who are in home and community care settings as well as hospitals. It is also the intent of your Committee that this project be expanded to ARCHs on the neighbor islands as well. However, until expansion on the other islands actually occurs, your Committee expects that the current level of funding will continue for these patients.

Your Committee has amended S.B. No. 1879, S.D. 2, H.D. 2, by:

- (1) Clarifying that a type-I home shall have no more than "two individuals," instead of "two private pay individuals," at the nursing home level or intermediate care level; and
- (2) Adding to section 3 of the bill that the purpose of this part is to "specify the following rules for its implementation as the State's demonstration."

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1879, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1879, S.D. 2, H.D. 2, C.D. 1.

Senators Chun Oakland, Kanno, Fernandes Salling, Fukunaga, Levin, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Arakaki, Santiago, Kawakami, Abinsay, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 58 on S.B. No. 1619

The purpose of this bill is to provide fines of \$150 to \$300 for parking in a stall reserved for disabled persons. This bill also provides for signage requirements for parking stalls reserved for disabled persons, and reiterates that parking in a stall identified and reserved for disabled persons is illegal.

Your Committee upon further consideration has made the following amendments to S.B. No. 1619, H.D. 2:

- (1) Amending section 5 of the bill by setting out section 291-51, Hawaii Revised Statutes, in its entirety and adding new definitions for "parking space reserved for disabled persons" and "sign designating the parking space as reserved for disabled persons" and by amending the definition of "disabled person"; and
- (2) Making technical, nonsubstantive changes for the purposes of style, clarity, and consistency.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1619, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1619, H.D. 2, C.D. 1.

Senators Sakamoto, Kawamoto, Slom.
Managers on the part of the Senate.

Representatives Hiraki, Tom, Yamane, Yonamine, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 59 on S.B. No. 377

The purpose of this bill is to, among other things:

- (1) Require health care providers to report blood test results of patients to the police if:
 - (A) The patient's blood alcohol content meets or exceeds the legal intoxication limit; and
 - (B) The patient was involved in a motor vehicle accident;
 and
- (2) Provide these health care providers with immunity from civil liability when they comply with the aforementioned requirement in good faith.

There is an immediate danger to public safety when a health care provider has no choice but to release an intoxicated person into the community after being involved in a motor vehicle accident. Although the health care provider may be aware that the person being treated has a blood alcohol content that meets or exceeds the legal limit, the health care provider is prohibited from divulging this information to law enforcement officers because of ethical duty of patient confidentiality.

Your Committee believes that the public safety will be better served by requiring health care providers to notify police of the blood alcohol content of intoxicated patients who were involved in a motor vehicle accident.

Your Committee has amended the bill by referencing section 291-4 as the correct section that contains the legal intoxication limit and by making a technical, nonsubstantive amendment.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 377, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 377, S.D. 2, H.D. 2, C.D. 1.

Senators Metcalf, Levin, Chumbley, Slom.
Managers on the part of the Senate.

Representatives Santiago, Tom, Stegmaier, Yamane, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 60 on S.B. No. 835

The purpose of this bill is to provide the peer review activities of Health Maintenance Organizations (HMOs), Preferred Provider Organizations (PPOs), and Preferred Provider Networks (PPNs) the same protections against discovery and liability that are currently given to peer review committees in hospitals, clinics, and group practices.

HMOs, PPOs, and PPNs are required by the state and federal government (QUEST, Medicare) to engage in effective peer review activities in order to ensure quality delivery of care to patients. Further other employers and outside agencies are also requiring that such peer review functions be performed. Physicians working within these settings do not feel protected against discovery and liability and, thus, refuse to participate in required peer review activities. This lack of cooperation interferes with the ability of the HMOs, PPOs, and PPNs to conduct the mandated peer review, and denies patients the quality improvement benefits that result from effective peer review activities.

Your Committee has amended the bill to clarify the definition of a "peer review committee" to mean a committee whose function is to maintain the standards of health professionals.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 835, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 835, S.D. 1, H.D. 1, C.D. 1.

Senators Metcalf, Levin, Baker, Slom.
Managers on the part of the Senate.

Representatives Santiago, Menor, Cachola, Lee, Aiona.
Managers on the part of the House.

Conf. Com. Rep. No. 61 on S.B. No. 1589

The purpose of this bill is to authorize the Department of Health to conduct child death reviews to evaluate the incidence and causes of child deaths and develop methods for reducing the number of preventable child deaths.

Your Committee amended this bill by expressly allowing the evidentiary discovery of child death review information in legal proceedings, provided that the discovery of that information is obtained through sources which are unrelated to the child death review process and are not otherwise immune from discovery. Your Committee also made technical, nonsubstantive changes for grammar and consistency.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1589, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1589, S.D. 2, H.D. 1, C.D. 1.

Senators Metcalf, Levin, Matsunaga, Slom.
Managers on the part of the Senate.

Representatives Santiago, Tom, Lee, Yoshinaga, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 62 on S.B. No. 426

The purposes of this bill are to:

- (1) Establish a culture and the arts revolving fund as an innovative means of making the state foundation on culture and the arts self supporting; and
- (2) Require that the department of land and natural resources consult with the kahuna nui of the Mo'okini Heiau on all physical and cultural matters relating to the historical sites within the Kohala Historical Sites State Monument.

Your Committee on Conference amended this bill by:

- (1) Establishing that the culture and the arts revolving fund shall be referred to as the "fund";
- (2) Referring to the state foundation on culture and the arts as the "foundation" since it is defined in statute;
- (3) Specifying that revenues from the sale of goods and services shall be deposited into the fund;
- (4) Deleting the mandate that fees, all legislative appropriations, and grants from public agencies be deposited into the fund; and
- (5) Adding a fund expenditure ceiling of \$50,000 annually.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 426, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 426, S.D. 1, H.D. 2, C.D. 1.

Senators Aki, Tam, Fernandes Salling, Fukunaga, Ige, D., Ige, M., Anderson.
Managers on the part of the Senate.

Representatives Takai, Say, Ahu Isa, Kahikina, Halford.
Managers on the part of the House.

Conf. Com. Rep. No. 63 on S.B. No. 1160

The purpose of this bill, as received by your Committee, is to require that the Department of Transportation adopt rules for the registration of electric vehicles, and issue special license plates for these vehicles.

The bill also exempts electric vehicles from parking fees, and high occupancy vehicle restrictions. It also waives registration and other fees for a period of four years from the effective date of this Act, and includes a review period every two years to determine the correct level of incentives for the programs' continuation.

Your Committee has amended this bill by extending the waiver period of registration and other fees to five years, and making stylistic and technical, nonsubstantive changes for purposes of style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1160, S.D. 1, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1160, S.D. 1, H.D. 3, C.D. 1.

Senators Sakamoto, Kawamoto, Anderson.
Managers on the part of the Senate.

Representatives Yoshinaga, Hiraki, Kanoho, Goodenow, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 64 on S.B. No. 1588

The purpose of this bill is to streamline the process for committing and releasing mentally incompetent defendants.

Specifically, in nonfelony cases, this bill allows mental health examinations to be conducted by one rather than three examiners and requires that the examiner be a psychiatrist or a psychologist. In felony cases, this bill requires three examiners which include at least one psychiatrist and one psychologist. The bill also limits the time period during which a defendant, if not then confined, may be committed by the court for examination, to not more than thirty days unless the court determines it necessary upon written findings. This bill permits mental health or other appropriate professionals to make decisions regarding treatment and hospitalization.

Your Committee believes that permitting persons other than mental health professionals to make treatment and hospitalization decisions is inappropriate and has amended this bill by deleting all references to treatment by "other appropriate" professionals, allowing rather than requiring the courts to appoint a psychiatrist or licensed psychologist in nonfelony cases, and making technical, nonsubstantive changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1588, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1588, S.D. 1, H.D. 2, C.D. 1.

Senators Metcalf, Levin, Chumbley, Slom.
Managers on the part of the Senate.

Representatives Santiago, Tom, Hiraki, Lee, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 65 on S.B. No. 130

The purpose of this bill is to regulate the registration of special interest vehicles. This measure defines the term "special interest vehicle" to mean a vehicle of any age that, because of its significance, is being collected, preserved, restored, or maintained by a collector; includes a street rod vehicle and a street rod replica vehicle; a vehicle manufactured before 1949; and a vehicle manufactured after 1948 to resemble a vehicle manufactured before 1949.

This bill also exempts special interest vehicles from requirements for reconstructed vehicles.

Your Committee upon further consideration has amended S.B. No. 130, S.D. 1, H.D. 2, by:

- (1) Adding section 286-27, Hawaii Revised Statutes, and including in this section, language similar to Senate language exempting official inspection stations from liability due to these special interest vehicles, provided that the inspection station meets application requirements, and exercises due diligence in inspecting special interest vehicles with applicable standards for motor vehicles and safety equipment; and
- (2) Making technical, nonsubstantive changes for the purpose of style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 130, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 130, S.D. 1, H.D. 2, C.D. 1.

Senators Kawamoto, Sakamoto, Kanno, Slom.
Managers on the part of the Senate.

Representatives Hiraki, Tom, Takumi, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 66 on S.B. No. 382

The purpose of this bill is to allow the examiner of drivers to waive actual demonstration of the ability to operate a motorcycle or motor scooter upon showing proof that the person has completed the motorcycle education course.

The bill also requests the Director of Transportation to review the skill test included in all motorcycle and motor scooter education courses in the State of Hawaii to determine which courses qualify for the waiver provided in this measure.

Your Committee, upon further consideration has amended S.B. No. 382, S.D. 1, H.D. 1, by replacing the section symbol with the word "section" and deleting the reference to Hawaii Revised Statutes, for correct drafting style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 382, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 382, S.D. 1, H.D. 1, C.D. 1.

Senators Kawamoto, Sakamoto, Kanno, Tam, Anderson.
Managers on the part of the Senate.

Representatives Hiraki, Tom, Takumi, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 67 on S.B. No. 991

The purpose of this bill is to:

- (1) Establish implied consent provisions relative to blood and urine testing for driving under the influence of drugs; and
- (2) Provide penalties for persons suspected of being under the influence of drugs, but who refuse to be tested for possible drug usage.

Your Committee finds that the alarming increase in illegal drug use in our State raises concerns about public safety because these drug users are undoubtedly driving while impaired by illegal drugs. Yet, current laws against driving under the influence of drugs are difficult to enforce due to the absence of any penalty for refusing to give a urine sample for toxicological testing to determine the presence of drugs in a person's body.

Your Committee further finds that in order to effectively prosecute persons driving under the influence of drugs, police officers must be allowed to request a driver to submit to a drug test in the same manner in which "implied consent" applies to drunk drivers.

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

- (1) Expanding the period in which drug enforcement contacts are to be considered when determining a revocation period from August 1, 1991, to any drug enforcement contact occurring prior to the effective date of the bill;
- (2) Adding sections to the bill that amend sections 286-162.5 and 286-162.6, Hawaii Revised Statutes, to authorize roadblocks for drug control;
- (3) Adding a section to the bill that amends section 286-163, Hawaii Revised Statutes, to include being under the influence of drugs under the scope of mandatory testing in the event of a collision resulting in injury or death; and
- (4) Making numerous technical, nonsubstantive amendments for the purpose of style and clarity.

Your Committee believes that the amended bill will help make Hawaii's streets and highways safer.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 991, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 991, S.D. 2, H.D. 2, C.D. 1.

Senators Kawamoto, Sakamoto, Chumbley, Matsunaga, Slom.
Managers on the part of the Senate.

Representatives Hiraki, Tom, Case, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 68 on S.B. No. 1197

The purpose of this bill is to revise the length of time that drivers' licenses are valid, based upon the driver's age. The bill provides for six-year licenses for ages 18 to 71 years; four-year licenses for ages 15 to 17 years; and two-year licenses for ages 72 and over.

Your Committee upon further consideration has amended S.B. No. 1197, S.D. 1, H.D. 1, by:

- (1) Deleting the provision allowing the examiner of drivers to waive the actual demonstration of ability to operate a motorcycle or motor scooter for any person who produces evidence to the satisfaction of the examiner of completion of a motorcycle education course which has been approved by the Director of Transportation; and
- (2) Making technical, nonsubstantive changes for the purpose of clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1197, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1197, S.D. 1, H.D. 1, C.D. 1.

Senators Kawamoto, Sakamoto, Chumbley, Matsunaga, Slom.
Managers on the part of the Senate.

Representatives Hiraki, Tom, Takumi, Yamane, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 69 on S.B. No. 1621

The purpose of this bill is to expedite the serving of summons and citations for violations relating to High Occupancy Vehicle (HOV) lanes by allowing the Director of Transportation to permit certain vehicles, regardless of the number of occupants, to use the HOV lanes.

This bill also makes permanent the authority of Honolulu Police to mail citations to violators of HOV lanes.

Your Committee upon further consideration has amended S.B. No. 1621, H.D. 1, by correcting the reference to Act 224 in Section 4 of the bill, appropriately renumbering sections 6 and 7 of the bill as sections 5 and 6, and making a few technical, nonsubstantive changes for purposes of style, clarity, and consistency.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1621, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1621, H.D. 1, C.D. 1.

Senators Kawamoto, Sakamoto, Aki, Kanno.
Managers on the part of the Senate.

Representatives Hiraki, Tom, Takumi, Yoshinaga, Moses.
Managers on the part of the House.

Conf. Com. Rep. No. 70 on S.B. No. 633

The purpose of this bill is to authorize the Kauai planning commission to permit, for a period of two years, the establishment of bed and breakfast operations on lands designated as agricultural. It also allows the commission to grant retroactive approvals to existing operations on agricultural lands on a case-by-case basis.

Your Committee finds that in spite of the clear benefits that bed and breakfast operations provide, burdensome regulations currently prohibit these operations in areas where they may exhibit the greatest potential to expand.

Your Committee believes that allowing bed and breakfast operations on certain agricultural lands, as secondary to the agricultural uses of the lands, will hasten the recovery of Kauai's crippled economy caused by Hurricane Iniki, and also provide visitors with alternative accommodations while hurricane-damaged hotels are being repaired.

Your Committee intends that the Kauai Planning Commission, in granting approvals under this measure, take into consideration, among other factors, the ability of operators to assure food safety and sanitation.

Your Committee has amended this measure by:

- (1) Authorizing, for a period of three years, the planning commission of any county with a population of one hundred thousand or less, that has suffered a natural disaster qualifying for federal disaster relief to:
 - (A) Permit the establishment of bed and breakfast operations on lands within the agricultural district that are fifteen acres or less in size, where the bed and breakfast operations are accessory or secondary to the agricultural uses of the land; and
 - (B) Grant retroactive approvals, on a case-by-case basis, to all existing bed and breakfast operations operating on lands within the agricultural district that are fifteen acres or less in size, where the operations are accessory or secondary to the agricultural uses of the land;
- (2) Making a conforming change to the purpose section of the bill;
- (3) Providing that the authority conferred upon the planning commissions under this measure shall lapse on June 30, 2000;

- (4) Deleting the county commission reporting requirements; and
- (5) Making the measure effective upon approval and providing for a June 30, 2000 repeal date.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 633, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 633, S.D. 2, H.D. 2, C.D. 1.

Senators Taniguchi, Tanaka, Kawamoto, Sakamoto, Chumbley, Fernandes Salling, Iwase, Solomon, Slom.
Managers on the part of the Senate.

Representatives Herkes, Takamine, Ito, Kanoho, Aiona.
Managers on the part of the House.

Conf. Com. Rep. No. 71 on S.B. No. 647

The purpose of this bill, as received, is to provide tort immunity for operators of recreational activities and landowners for certain situations in which services are provided to recreational users. The bill also abolishes joint and several liability for joint tortfeasors.

Your Committee finds that the present law on the use and applicability of liability waivers for participants in recreational activities may leave providers of recreational activities subject to liability in situations where liability is more appropriately assigned to the participant. Your Committee further finds that the liability of landowners should also be limited with respect to persons who are providing services in response to a recreational user requiring assistance. However, your Committee also believes that any further extensions of tort immunity need to be reviewed in a comprehensive manner.

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

- (1) Deleting the provisions related to recreational liability waivers which are contained in H.B. No. 581, H.D.1, S.D.1, C.D.1;
- (2) Deleting the abolition of joint and several liability for joint tortfeasors; and
- (3) Making technical, nonsubstantive changes for the purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 647, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 647, S.D. 1, H.D. 2, C.D. 1.

Senators Matsunaga, Chumbley, McCartney, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Herkes, Tom, Ito, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 72 on S.B. No. 718

The purpose of this bill is to allow judges to waive the pre-sentence diagnosis and report under certain specified circumstances.

Your Committee finds that under current law, a pre-sentence diagnosis and report must be prepared for all individuals convicted of a felony offense and all convicted defendants less than twenty-two years of age, unless the report is waived by both the defendant and the prosecuting attorney. Your Committee further finds that in certain cases, the sentence to be imposed is predetermined due to plea agreements or sentencing guidelines, and thus the diagnosis and report are unnecessary.

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

- (1) Deleting the provision allowing waivers for defendants sentenced for various class A felonies;
- (2) Deleting the provision allowing waivers for defendants being sentenced for any mandatory term of imprisonment; and
- (3) Making a technical, nonsubstantive change for clarity and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 718, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 718, H.D. 1, C.D. 1.

Senators Matsunaga, Chumbley, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Tom, Herkes, Jones, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 73 on S.B. No. 986

The purpose of this bill is to clarify provisions relating to nonconsensual common law liens and to make such provisions retroactive to all nonconsensual common law liens executed or recorded prior to the effective date of this measure.

Upon further consideration, your Committee on Conference has agreed that increasing the penalties to treble actual damages or an amount not to exceed \$25,000 is excessive and overly punitive. Therefore, your Committee has amended this measure to retain existing law which allows for actual damages or an amount not to exceed \$5,000.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 986, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 986, S.D. 1, H.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, Metcalf, Anderson.
Managers on the part of the Senate.

Representatives Tom, Herkes, Jones, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 74 on S.B. No. 989

The purpose of this bill, as received by your Committee, is to provide immunity from liability for schools when a person is injured during the commission of a criminal offense involving school property.

Your Committee finds that it is necessary and appropriate to provide immunity for schools and school personnel to facilitate the availability of school grounds for community recreational activities by precluding negligence suits when non-students utilize school grounds without express written authority.

Therefore, upon further consideration, your Committee has adopted in concept the Senate draft to provide that persons who use school grounds for recreational purposes, and who are neither students nor school personnel, assume the risk of liability for injuries sustained except for injuries caused by gross negligence, or wilful or wanton conduct.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 989, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 989, S.D. 1, H.D. 1, C.D. 1.

Senators Matsunaga, Chumbley, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Tom, Herkes, Yamane, Yoshinaga, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 75 on S.B. No. 1069

The purpose of this bill is to make procedural and clarifying amendments to Chapter 12, Hawaii Revised Statutes, regarding nomination papers and challenges made to candidates filing papers as a member of a designated party.

Your Committee finds that the provisions of this measure will address various administrative, enforcement, or verification problems which have arisen with regard to the nomination process. Your Committee further finds that these provisions will contribute to the efficiency and validity of the process.

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

- (1) Deleting the requirement that a candidate be a resident and registered voter at the time of filing;
- (2) Deleting the requirement of proof of party membership; and
- (3) Making technical, nonsubstantive changes for the purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1069, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1069, S.D. 1, H.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, McCartney, Metcalf, Anderson.
Managers on the part of the Senate.

Representatives Tom, Herkes, Jones, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 76 on S.B. No. 1267

The purpose of this bill is to create presumptions that child support judgments are paid and discharged on the thirty-third birthday of the child and that a material change in circumstances surrounding a support order is deemed to occur when the amount in the order differs by more than ten per cent with amount calculated under the guidelines.

Additionally, this bill:

- (1) Identifies the parent that applies for services from the child support enforcement agency;
- (2) Requires certified copies of support orders to be sent to the state case registry;
- (3) Makes the child support enforcement agency a party in proceedings if public assistance moneys were paid for the child;
- (4) Specifies that the county attorney represents the child support enforcement agency rather than the custodial parent;
- (5) Clarifies that the child support enforcement agency may charge fees for its services; and
- (6) Includes medical insurance premiums as part of the support order to the father.

Your Committee has also made numerous technical, nonsubstantive changes for the purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1267, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1267, S.D. 1, H.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Tom, Herkes, Jones, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 77 on S.B. No. 5

The purpose of this bill as received is to:

- (1) Clarify the waiver of liability for motorsports participants;
- (2) Require a general liability policy of no less than \$1,000,000 for spectators and no less than \$500,000 for participants, per claim; and
- (3) Indemnify participants for negligence.

Your Committee has amended this measure to require that for the waiver of liability, the waiver or release be signed by both the participant and a witness.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 5, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 5, S.D. 2, H.D. 1, C.D. 1.

Senators Ige, D., Matsunaga, Slom.
Managers on the part of the Senate.

Representatives Tom, Herkes, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 78 on S.B. No. 138

The purpose of this bill as received is to allow state-recognized advanced practice registered nurses to provide certain insured mental health and substance abuse services.

Your Committee has amended this measure to:

- (1) Delete the proposed reference to chapter 321, Hawaii Revised Statutes (HRS), in the three definitions but keep the reference to chapter 321 intact throughout the remaining sections;
- (2) Delete references to chapters 453, 460, and 465 in the definition for "alcohol or drug dependence outpatient services" regarding prescriptive authority;
- (3) Allow certain advanced practice nurses to prescribe partial hospitalization services in consultation with a physician or psychologist;
- (4) Allow advanced practice nurses to approve individualized treatment plans for alcohol or drug dependence outpatient or mental health services in consultation with a patient's physician or psychologist; and
- (5) Make technical, nonsubstantive amendments to conform to standard drafting format.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 138, S.D. 1, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 138, S.D. 1, H.D. 3, C.D. 1.

Senators Baker, Ige, D., Kanno.
Managers on the part of the Senate.

Representatives Santiago, Menor, Kawakami, Kahikina, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 79 on S.B. No. 141

The purpose of this bill as received is to authorize and regulate lease-purchase agreements for the lease-purchase of personal property.

Your Committee has amended this measure to:

- (1) Amend the definition of "cash price";
- (2) Amend § -3, by amending the section title to read "agreements exempt from other laws" and including references to chapter 476 and article 2A or 9 of chapter 490, Hawaii Revised Statutes;

- (3) Delete § -11, supplementary provisions, as the references in this section are now covered under § -3;
- (4) Move § -15, provisions prohibited in agreements to § -4; and
- (5) Make technical amendments to conform to standard drafting format.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 141, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 141, S.D. 1, H.D. 1, C.D. 1.

Senators Baker, Ige, D., Kanno.
Managers on the part of the Senate.

Representatives Menor, Cachola, Lee, Yoshinaga, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 80 on S.B. No. 152

The purpose of this bill as received is to:

- (1) Require badges for time share sales personnel;
- (2) Provide for civil cause of action for violation of the chapter; and
- (3) Amend section 514E-11(11), Hawaii Revised Statutes, regarding signage requirements for time share booth.

Your Committee has amended this measure to:

- (1) Require badges for agents engaged in off-premises activity, and define off-premises;
- (2) Delete the proposed requirement for the badge to contain the licensee's name, license number, and picture;
- (3) Provide for a fine of \$50 for each violation of either badge or signage requirements, for an maximum aggregate amount of \$500; and
- (4) Make the effective date of the Act July 1, 1997.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 152, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 152, S.D. 2, H.D. 1, C.D. 1.

Senators Baker, Ige, D., Chumbley.
Managers on the part of the Senate.

Representatives Menor, Tom, Herkes, Yamane.
Managers on the part of the House.

Representative Pendleton did not sign the report.

Conf. Com. Rep. No. 81 on S.B. No. 656

The purpose of this bill as received is to allow state-recognized certified social workers to provide certain insured mental health and substance abuse services.

Your Committee has amended this measure to:

- (1) Change "certified social worker" to "clinical social worker" in the definitions and throughout;
- (2) Delete the proposed reference to chapter 321, Hawaii Revised Statutes (HRS), in the three definitions but keep the reference to chapter 321 intact throughout the remaining sections;
- (3) Delete proposed language in the definition for "alcohol or drug dependence outpatient services" regarding prescriptive authority;
- (4) Allow clinical social workers to prescribe partial hospitalization services in consultation with a physician or psychologist;
- (5) Allow clinical social workers to approve individualized treatment plans for alcohol or drug dependence outpatient or mental health services in consultation with a patient's physician or psychologist; and
- (6) Make technical, nonsubstantive amendments to conform to standard drafting format.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 656, S.D. 1, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 656, S.D. 1, H.D. 3, C.D. 1.

Senators Baker, Ige, D., Kanno.
Managers on the part of the Senate.

Representatives Santiago, Menor, Kawakami, Kahikina, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 82 on S.B. No. 1114

The purpose of this bill as received is to:

- (1) Add a definition of "continuing education" for real estate brokers and salespersons;
- (2) Remove the waivers from continuing education requirements for license renewal;
- (3) Eliminate the authority of the Real Estate Commission to provide continuing education activities and delete the real estate education fund which funds these kinds of activities effective July 1, 1998, at which time a private organization may be allowed to administer the continuing education program; and
- (4) Require the Legislative Reference Bureau to conduct a study, including developing appropriate legislation to propose to the Legislature, on the privatization of the continuing education program for real estate licenses.

Your Committee has amended this bill to keep the real estate education fund intact and to make five technical, nonsubstantive amendments for clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1114, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1114, S.D. 1, H.D. 1, C.D. 1.

Senators Baker, Kanno, Slom.
Managers on the part of the Senate.

Representatives Menor, Herkes, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 83 on S.B. No. 1191

The purpose of this bill as received is to authorize insurers to acquire investments in investment pools and set limitations on repurchase, reverse purchase, and dollar roll transactions.

Your Committee on Conference, in consultation with the Department of the Attorney General, has determined that there may be a subject-title problem with H.B. No. 1899, H.D. 1, S.D. 1, which can be avoided by placing the contents of H.B. No. 1899, H.D. 1, S.D. 1, into this bill and placing the contents of this bill into H.B. No. 1899, H.D. 1, S.D. 1, C.D. 1.

For discussion of the changes to the previous contents of this bill, your Committee directs attention to the conference committee report for H.B. No. 1899, H.D. 1, S.D. 1, C.D. 1.

The purpose of H.B. No. 1899, H.D. 1, S.D. 1, as received, is to conform state law with the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996 so that the State may retain its jurisdiction over health insurance, and provide for a task force to review HIPAA to recommend further adoptions of the Act.

Your Committee has amended the HIPAA bill to:

- (1) Amend the definition of "employee" to delete language regarding an employee who works between seventeen and one-half and twenty hours per week;
- (2) Allow the insurance commissioner to exempt a group health issuer from offering group health plans to small employers if the commissioner determines that the issuer does not have the capacity to deliver services adequately to additional groups given its obligation to existing employer groups;
- (3) Delete proposed language requiring the commissioner to adopt rules to address availability of individual health insurance, and to consider a mechanism to allow entry of any health issuer into the individual market; and
- (4) State that the adoption of HIPAA for the purposes of title 24 is not an adoption for any purposes for income taxes under chapter 235, Hawaii Revised Statutes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1191, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1191, S.D. 1, H.D. 1, C.D. 1.

Senators Ige, D., Chun Oakland, Slom.
Managers on the part of the Senate.

Representatives Menor, Garcia, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 84 on S.B. No. 1487

The purpose of this bill as received is to protect consumers of health care plans that are issued by mutual benefit societies by regulating the financial solvency of these mutual benefit societies. Similar requirements enacted in 1995 apply to health maintenance organizations.

Your Committee has amended the bill to: (1) delete a duplication of language regarding minimum net worth; and (2) make technical amendments to conform to standard drafting language.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1487, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1487, S.D. 1, H.D. 1, C.D. 1.

Senators Ige, D., Kanno, Slom.
Managers on the part of the Senate.

Representatives Menor, Herkes, Lee, Saiki, Aiona.
Managers on the part of the House.

Conf. Com. Rep. No. 85 on S.B. No. 1522

The purpose of this bill as received is to update the regulatory scheme governing dispensing opticians to:

- (1) Repeal the board of dispensing opticians and assign administration of the program to the director of commerce and consumer affairs;
- (2) Repeal the requirement for a person or entity to obtain a license to operate a dispensing optician business;
- (3) Repeal references to the state board-constructed practical examination, which is now obsolete;
- (4) Repeal the requirement for a business to report the names of its dispensing optician apprentices;
- (5) Repeal the requirement that a dispensing optician shall give the client written notice that the client should return to the prescribing ophthalmologist or optometrist to ensure that the client has received lenses of the proper fit and prescription; and
- (6) Make housekeeping amendments.

Your Committee has amended the bill by adding provisions to:

- (1) Allow licensed opticians to wear identification tags for the purpose of identifying to the customer that the person is a licensed dispensing optician;
- (2) Require the Director to appoint an advisory committee to serve as experts for licensing matters; and
- (3) Require that the current members of the board of dispensing opticians shall be appointed to the initial advisory committee to complete the remainder of their terms.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1522, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1522, S.D. 1, H.D. 1, C.D. 1.

Senators Baker, Chun Oakland, Slom.
Managers on the part of the Senate.

Representatives Menor, Cachola, Herkes, Lee, Aiona.
Managers on the part of the House.

Conf. Com. Rep. No. 86 on S.B. No. 1901

The purpose of this bill as received is to amend chapter 514E, Hawaii Revised Statutes, to:

- (1) Add two new sections to prohibit developers from selling the right to use more weeks or nights than are available in the time share plan; and
- (2) Add a new definition for "one-to-one use-right to use-night requirement".

Your Committee has amended this measure to:

- (1) Clarify that a use night counted to satisfy the requirement for one class may not also satisfy the requirement for a competing class;
- (2) Clarify that the provisions do not prohibit rental by the association or developer, or use by the owners, of any use nights unreserved as of sixty or fewer days in advance of the use night, provided that any use rights shall not be considered in determining whether the one-to-one use-right to use-night requirement is satisfied; and
- (3) Make the effective date of the Act, July 1, 1997.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1901, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1901, S.D. 1, H.D. 1, C.D. 1.

Senators Baker, Ige, D..
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Menor, Cachola, Herkes, Lee.
Managers on the part of the House.

Representative Whalen did not sign the report.

Conf. Com. Rep. No. 87 on S.B. No. 817

The purposes of this bill are to:

- (1) Repeal obsolete statutes;
- (2) Require that the Department of Education (DOE) establish rules to allow school/community-based management councils to develop community service programs and require community service for high school graduation; and
- (3) Prohibit the DOE from assigning probationary teachers to special needs schools.

Your Committee on Conference amended this bill by:

- (1) Deleting part I which repealed obsolete statutes;
- (2) Adding a purpose section and amending the community service section by requiring that the Board of Education establish guidelines to foster volunteer relationships between schools and service providers;
- (3) Deleting part III which prohibited probationary teachers from being assigned to special need schools; and
- (4) Making technical, nonsubstantive amendments.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 817, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 817, S.D. 1, H.D. 1, C.D. 1.

Senators Tam, Aki, Ige, M..
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Stegmaier, Morihara, Morita, Moses.
Managers on the part of the House.

Conf. Com. Rep. No. 88 on S.B. No. 870

The purpose of this bill is to authorize counties to regulate operation of a pickup truck with a passenger in the bed or load-carrying area. This measure also imposes fines of not less than \$25 and not more than \$100 for each separate violation.

Your Committee upon further consideration has amended S.B. No. 870, S.D. 2, H.D. 2, by:

- (1) Prohibiting passengers who are twelve years of age and under from riding in the bed or load-carrying area of any pickup truck, except when:
 - (A) An emergency exists that threatens the life of passengers in the bed or load-carrying area; or
 - (B) The vehicle is being operated in parades, caravans, or exhibitions that are permitted by law.
- (2) Providing for a fine of \$50 for each separate violation of carrying passengers twelve years and under; and
- (3) Amending the definition of "pickup truck" to include the maximum gross vehicle weight rating (GVWR) of 11,000 pounds or less, instead of 10,000 pounds.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 870, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 870, S.D. 2, H.D. 2, C.D. 1.

Senators Kawamoto, Matsunaga, Sakamoto.
Managers on the part of the Senate.

Senators Kanno and Slom did not sign the report.

Representatives Hiraki, Tom, Jones, Takumi, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 89 on S.B. No. 1683

The purpose of this bill is to establish a Hawaiian language college (HLC) at the University of Hawaii at Hilo.

Your Committee on Conference amended this bill by:

- (1) Deleting reference to President Bush in the paragraph acknowledging federal funding support for the HLC;

- (2) Establishing a revolving fund to support the HLC;
- (3) Decodifying the paragraphs which transfer the masters program to the HLC when the HLC is established, and clarifying that the masters program as part of the Hawaiian studies department will be transferred;
- (4) Transferring all officers and employees in the Hawaiian studies department to the HLC when the HLC is established;
- (5) Authorizing the HLC to establish five new positions; and
- (6) Restricting general fund appropriations for support of the HLC.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1683, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1683, S.D. 1, H.D. 2, C.D. 1.

Senators Aki, Tam, Fernandes Salling, Fukunaga, Ige, D., Metcalf, Anderson.
Managers on the part of the Senate.

Representatives Morihara, Chang, Ahu Isa, Takai, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 90 on S.B. No. 252

The purpose of this bill is to: (1) delete the twenty-four month limit to receiving general assistance for disabled persons; (2) create a general assistance advisory council; (3) reduce the required number of hours per week for purposes of the definition of "gainful employment"; and (4) increase the number of days of disability for purposes of the definition of "with a disability."

Your Committee finds that a two-year limitation on general assistance for disabled persons is too harsh and that the length of time should be within the budget as determined from year-to-year. Your Committee further finds that reducing the number of required hours for gainful employment from thirty to twenty is consistent with the current economic condition of the State, where twenty hours per week of part-time work is the norm. Your Committee further finds that increasing the number of days from thirty to sixty to qualify for a determination of disability is reasonable, given the State's budget constraints.

Your Committee believes that the general assistance advisory council within the Department of Human Services will provide needed input on general assistance issues from a broad representative spectrum of the community. Your Committee believes that this measure should not mandate the Governor to select members to the advisory council from a predetermined list of organizations. Your Committee, however, recommends that the following groups be strongly considered by the Governor when determining membership:

- (1) The Legal Aid Society of Hawaii;
- (2) The Protection and Advocacy Agency in Hawaii;
- (3) The Mental Health Association;
- (4) United Self Help;
- (5) The Affordable Housing and Homeless Alliance;
- (6) The Welfare Concerns Committee;
- (7) The Substance Abuse Coalition;
- (8) The Sandwich Group Consumer Organization;
- (9) The Oahu Alliance for the Mentally Ill;
- (10) Health Care for the Homeless;
- (11) The Center for Independent Living;
- (12) The National Association of Social Workers; and
- (13) Recipients of general assistance.

Your Committee has amended S.B. No. 252, S.D. 1, H.D. 2, as follows:

- (1) Changing the term "general assistance" to "general assistance to households without minor dependents";
- (2) Providing that a determination of physical disability or mental disability shall be made by a board rather than by an individual physician, psychologist, or psychiatrist, as applicable; and
- (3) Making technical, nonsubstantive amendments for clarity, style, and conformity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 252, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 252, S.D. 1, H.D. 2, C.D. 1.

Senators Chun Oakland, Kanno, Fernandes Salling, Fukunaga, Levin, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Arakaki, Say, Kahikina, Kawakami, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 91 on S.B. No. 1266

The purpose of this bill is to amend Hawaii's child support enforcement laws to conform to federal requirements.

Your Committee finds that, while ordering child support is a routine matter, collection of child support can be time-consuming and difficult. Recalcitrant non-custodial parents who fail to pay court-ordered support penalize their children, and also the State, to the extent that children may be forced into the welfare system if support payments are not made. One of the most compelling methods of implementing child support is to penalize those who are delinquent by depriving them of governmental licenses, such as professional and drivers' licenses, as provided in this bill. This method will help ensure that child support obligors remain current, to the best of their ability.

Your Committee has amended the bill by:

- (1) Specifying that the language added in section 501-102, Hawaii Revised Statutes, that refers to liens, refers to child support, and not, tax liens;
- (2) Clarifying when a custodial parent may apply for a re-hearing on support and under what conditions;
- (3) Making technical conforming amendments; and
- (4) Making a number of technical, nonsubstantive changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1266, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1266, S.D. 2, H.D. 2, C.D. 1.

Senators Chumbley, Matsunaga, Fernandes Salling, Fukunaga, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Tom, Menor, Say, White, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 92 on S.B. No. 1268

The purpose of this bill is to enact the Uniform Interstate Family Support Act (UIFSA) to replace the Uniform Reciprocal Enforcement of Support Act, chapter 576, Hawaii Revised Statutes.

Your Committee finds that the recently enacted federal "Welfare Reform Act" mandates that each state adopt the UIFSA. The UIFSA was drafted by the National Conference of Commissioners on Uniform State Laws to eliminate the inadequacies of the Uniform Reciprocal Enforcement of Support Act (URESA) which had been adopted nationwide and is enacted as chapter 576, Hawaii Revised Statutes. Your Committee further finds that if Hawaii does not adopt the UIFSA, the State will be subject to financial penalties, including the potential loss of its block grant for Temporary Assistance to Needy Families constituting approximately \$98,000,000 in federal funds for this fiscal year.

Your Committee has reviewed and amended this bill to resolve the differences in the House and Senate versions of this bill, all of which are of a technical nature, and almost entirely nonsubstantive. In so doing, your Committee has accepted the guidance provided by the Child Support Enforcement Agency and Family Support Division of the offices of the several county corporations counsel.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1268, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1268, S.D. 2, H.D. 2, C.D. 1.

Senators Chumbley, Matsunaga, Fernandes Salling, Fukunaga, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Tom, Say, White, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 93 on S.B. No. 1794

The purpose of this bill is to improve sanitation procedures of the Department of Health (DOH) by:

- (1) Statutorily allowing sanitation permits to be transferred upon the sale of a food establishment; provided that the transfer is approved by the DOH;
- (2) Authorizing persons qualified in the area of sanitation and food protection practices, in addition to registered sanitarians, to perform inspections of food establishments; and
- (3) Establishing an advisory council on food protection practices, whose members are appointed by the Director of Health.

Your Committee has amended the measure by:

- (1) Specifying that, with respect to the transfer of food establishments, the transfer of the sanitation permits shall be subject to the new owner agreeing to abide by the compliance schedule of the DOH;
- (2) Replacing "persons qualified in the area of sanitation and food protection practices" with "food and drug inspectors", as the persons authorized to perform inspections of food establishments;
- (3) Requiring the DOH to conduct annual audits of the Sanitation Branch;
- (4) Specifying the:
 - (A) Terms of the members of the advisory council;
 - (B) Manner in which the Director of Health is to initially appoint the members of the advisory council;
 - (C) Manner in which vacancies on the advisory council are to be filled; and
 - (D) Basic structure of the advisory council;
 and
- (5) Requiring, rather than merely authorizing, the advisory council to advise the DOH on:
 - (A) Sanitation issues and food protection practices;
 - (B) Rules relating to sanitation and food protection practices; and
 - (C) The incorporation of salient provisions of the most recent version of the United States Food and Drug Administration's Model Food Code into the DOH's food sanitation rules.

Your Committee believes that this bill strikes the right balance between creating a positive environment for businesses, and ensuring the continued protection of public health.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1794, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1794, S.D. 1, H.D. 2, C.D. 1.

Senators Metcalf, Levin, Slom.
Managers on the part of the Senate.

Representatives Santiago, Kawakami, Kahikina, Saiki, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 94 on S.B. No. 1032

The purpose of this bill as received is to set standards of basic competency for marriage and family therapists by establishing a marriage and family therapist licensing program within the department of commerce and consumer affairs.

Your Committee has amended this bill to appropriate \$43,000 for fiscal year 1997-1998 to implement the licensing program created by this Act.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1032, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1032, S.D. 2, H.D. 2, C.D. 1.

Senators Baker, Fernandes Salling, Chun Oakland.
Managers on the part of the Senate.

Representatives Arakaki, Santiago, Menor, Tom, Kawakami, Yamane, Fox, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 95 on S.B. No. 1535

The purpose of this bill as received is to:

- (1) Increase the legal process fee to cover the costs;
- (2) Clarify filing deadlines for NAIC reports and establish a penalty for late or nonfiling;
- (3) Require compliance with NAIC standards in preparing audit and financial statements;
- (4) Delete the unearned premium reserve table;
- (5) Require an annual payment of a drivers education fund underwriters fee;
- (6) Require association captive and risk retention captive insurers to file a statement of financial condition according to statutory accepted principles; and
- (7) Amend the definition of personal risk liability.

Your Committee has returned the filing deadlines for NAIC and the annual audits to their original statutory date and made technical amendments for the purpose of clarity, and corrected one drafting error.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1535, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1535, S.D. 1, H.D. 2, C.D. 1.

Senators Ige, D., Fukunaga, Kanno, Slom.
Managers on the part of the Senate.

Representatives Menor, Tom, Kanoho, Yamane, Ward.
Managers on the part of the House.

Conf. Com. Rep. No. 96 on S.B. No. 375

The purpose of this bill is to:

- (1) Raise the solid waste disposal surcharge from 25 cents to 35 cents per ton for solid waste disposed at solid waste disposal facilities;
- (2) Delete volumetric assumptions of the Department of Health as a basis for determining the surcharge;
- (3) Delete the two-year evaluation of the solid waste management efforts and the initial surcharge by the Department of Health and the counties;
- (4) Amend the definition of "inert fill material" to permit the inclusion of only incidental amounts of construction and demolition waste, vegetative waste, or other commercial, industrial, or residential solid wastes, and limiting the length of steel reinforcing rods protruding from concrete and other materials to less than two inches;
- (5) Amend the definition of "solid waste" to exclude inert fill material; and
- (6) Include a \$25,000 per violation penalty section that makes a knowing violation or allowing a violation to occur, a criminal offense.

Your Committee believes that the definition of "inert fill material" would more appropriately be defined by the size of the objects in the material rather than the size of protruding steel reinforcing rods and by excluding all vegetation or organic material and other solid waste. Additionally, your Committee is concerned that unsuspecting landowners who are victims of "midnight dumping" of waste materials on their property by unscrupulous persons could be subject to the proposed penalties for their failure to take extraordinary measures against those misdeeds. To address those issues, your Committee amended this bill by:

- (1) Amending the definition of "inert fill material" to exclude vegetation or organic material, or other solid waste and limiting the size of included materials to less than eight inches except as specified by a licensed soils engineer; and
- (2) Imposing the new penalty only for knowing violations or knowingly consenting to violations.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 375, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 375, H.D. 2, C.D. 1.

Senators Levin, Metcalf, Fukunaga, Tam.
Managers on the part of the Senate.

Representatives Yoshinaga, Say, Goodenow, Hamakawa, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 97 on S.B. No. 257

The purpose of this bill is to:

- (1) Reduce volatility of employer contributions to the Pension Accumulation Fund (Fund) of the ERS through the use of a five-year moving average based on the total earnings of the ERS; and
- (2) Provide a corresponding setoff of ten percent a year, cumulatively up to one hundred percent, for employer contribution to the Fund to make up for actual investment earning shortfalls.

Your Committee finds that the current funding method used by the ERS has a major weakness in that the total unfunded liability is understated. Under the current frozen initial liability funding method, the ERS' unfunded liability was "frozen" at \$470 million in 1987 when the post retirement fund was merged into the pension accumulation fund. Through the annual payments of \$39 million for interest and principal, this amount has been reduced to \$413 million as of June 30, 1996. These figures, however, are misleading as they are not "actual" figures. Using the "entry age normal cost funding" method which is used by thirty-nine state retirement systems, the ERS has estimated that the "actual" unfunded liability as of June 30, 1996, is \$1.6 billion.

Your Committee believes that it is incumbent upon the State to protect the financial integrity of the state retirement program by reducing its \$1.6 billion unfunded liability. However, understanding the current fiscal crisis the State faces, your Committee feels it is prudent to eliminate the requirement that the state and county governments make up the \$99.4 million shortfall from FY 1995. Your Committee also believes that the ERS must retain all of its investment earnings from FY 1997 in order to begin the systematic liquidation of its unfunded liability.

Your Committee believes that the use of the "entry age normal cost funding" method and the repeal of the excess earnings credit to public employers would be financially advantageous to the State and will:

- (1) Result in \$126.5 million being saved in public employer contributions over the next two years, including \$72.8 million for the state general fund;
- (2) Reduce the public employers' concern over the financial volatility of fluctuating employer contributions from year to year;
- (3) Produce lower employer contributions in the long term;
- (4) Decrease the risk of a large employer appropriation requirement whenever the ERS has a poor investment return in future years; and
- (5) Allow the ERS to reduce its large unfunded liability to the point where it becomes fully funded by the year 2016.

Accordingly, your Committee has amended the bill by replacing its provisions with provisions to:

- (1) Extend the pensioners' bonus authorized under Act 339, Session Laws of Hawaii 1990, for two years, thereby providing longtime retirees of the ERS with a supplement to their income;
- (2) Change, effective July 1, 1994, the existing method of calculating the employer normal cost and accrued liability calculations to the "entry age normal cost funding" method and by separating out police officers, firefighters, and corrections officers, from all other employees; and
- (3) Provide for the liquidation of the unfunded accrued liability in twenty-one years beginning from July 1, 1995.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 257, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 257, S.D. 2, H.D. 2, C.D. 1.

Senators Fernandes Salling, Fukunaga, Chun Oakland, Kanno, Kawamoto.
Managers on the part of the Senate.

Representatives Yonamine, Say, Nakasone, Suzuki, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 98 on S.B. No. 717

The purpose of this bill is to establish a \$35 surcharge for persons who are divorcing or separating to fund a parent education program for separating parents and their children.

Your Committee finds that the Judiciary has established a volunteer program, "Kids First", to provide education about the impacts of divorce for separating parents and their children. The "Kids First" program advocates parents focussing on their children during the extremely stressful time surrounding the parents' separation, resulting in a more successful adjustment for the children. Your Committee further finds that the program serves approximately 6,000 parents and their children, and the increased demand for the program has expanded to the extent that additional resources are necessary to provide appropriate services.

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

- (1) Increasing the amount that a respondent with a minor child may be requested to donate from \$10 to \$15; and
- (2) Providing an appropriation of \$154,075 in each fiscal year from the parent education special fund to support the program.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 717, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 717, S.D. 2, H.D. 2, C.D. 1.

Senators Matsunaga, Chumbley, Fernandes Salling, Fukunaga, McCartney, Anderson.
Managers on the part of the Senate.

Representatives Tom, Say, Jones, White, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 99 on S.B. No. 208

The purpose of this bill is to encourage the development of computer software companies in Hawaii by:

- (1) Providing a tax credit for the monetary reinvestment by a computer service company that provides technical services that are necessary for the production, sale, and licensing of computer software; and
- (2) Broadening the general excise tax exemption for certain computer services.

Your Committee has deleted the substance of this bill and replaced it with the creation of a tax credit for the remodeling of hotel facilities.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 208, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 208, S.D. 1, H.D. 2, C.D. 1.

Senators Fernandes Salling, Fukunaga, Taniguchi, Levin, Anderson.
Managers on the part of the Senate.

Representatives Herkes, Say, Kawakami, Suzuki, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 100 on S.B. No. 927

The purpose of this bill is to:

- (1) Require tax-exempt cigarettes to be identified and prohibit their sale unless authorized by license or law;
- (2) Increase the cigarette excise tax from 3.00 cents to 3.50 cents for each cigarette;
- (3) Broaden the definition of "cigarette"; and
- (4) Provide that the tobacco tax will automatically increase following enactment of federal legislation requiring military installations to purchase cigarettes in Hawaii in a manner similar to that required of alcoholic beverages.

Your Committee has amended this bill by:

- (1) Deleting the provisions that establish a method to identify tax-exempt cigarettes to control their sales;
- (2) Deleting the amendment to broaden the definition of "cigarette";
- (3) Changing the increase in the excise tax for each cigarette from 3.50 cents to:
 - (a) 4.00 cents after August 31, 1997; and
 - (b) 5.00 cents after June 30, 1998;
- (4) Changing the effective date of the increase in the tobacco tax from December 30, 1997, to August 31, 1997;
- (5) Deleting the provision that automatically increases the tobacco tax following the enactment of certain federal legislation;
- (6) Changing the effective date of the bill from January 1, 1998, to September 1, 1997;
- (7) Deleting the purpose section; and
- (8) Making technical, nonsubstantive amendments to correct drafting errors.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 927, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 927, S.D. 1, H.D. 2, C.D. 1.

Senators Fernandes Salling, Fukunaga, Levin.
Managers on the part of the Senate.

Representatives Santiago, Say, Kahikina, Suzuki, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 101 on H.B. No. 1370

The purpose of this bill is to ensure that sound management practices are used in caring for the State's public forest reserves.

Specifically, this bill:

- (1) Requires that the harvesting of trees on public lands follows prudent management practices by mandating that:
 - (A) The harvesting be done in accordance with an approved harvesting plan and consistent with provisions regarding the conservation of natural resources and environmental impact statements; and
 - (B) The harvesting of native trees use existing fire prevention and management programs and ensure the use of silvicultural practices that encourage native biodiversity and ecosystem processes;
- (2) Requires that proceeds from the sale of tree seedlings from state nurseries be deposited into the General Fund; and
- (3) Clarifies that it is not the Legislature's intent that the Department of Land and Natural Resources (DLNR) compete with private tree seedling nurseries by selling tree seedlings.

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

- (1) Prohibiting native forests situated on public lands from being converted to introduced forest plantations;
- (2) Removing the legislative intent provision relating to the sale of tree seedlings from the bill; and

- (3) Making technical, nonsubstantive amendments for the purpose of style.

Your Committee on Conference finds that legislative intent is not a matter for statutory provisions. However, notwithstanding this deletion, your Committee on Conference expressly intends that:

- (1) State tree nurseries, to the extent possible, shall focus on filling needs not otherwise met by privately operated tree nurseries; and
- (2) The sale of tree seedlings by the State shall not be construed as encouraging DLNR to compete with private nurseries for the production of tree seedlings.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1370, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1370, H.D. 2, S.D. 1, C.D. 1.

Senators Iwase, Solomon, Fernandes Salling, Fukunaga, Tanaka, Anderson.
Managers on the part of the Senate.

Representatives Takamine, Yoshinaga, Kanoho, Hamakawa, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 102 on H.B. No. 1796

The purpose of this bill is to allow the Housing Finance and Development Corporation (HFDC) to:

- (1) Remove the restriction that infrastructure bonds issued by HFDC be payable only from the revenues derived from the sale of the lands serviced by the infrastructure bonds; and
- (2) Allow HFDC to issue infrastructure bonds whose discounted value exceeds ten percent of the issue to finance the infrastructure for the 500-acre former West Oahu Campus site and 800-acre East Kapolei site.

Your Committee has amended this measure by offering more flexibility by removing the term "exclusively" when referring to the types of bonds on which the principal and interest are payable.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1796, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1796, H.D. 1, S.D. 1, C.D. 1.

Senators Ige, M., Bunda, Fernandes Salling, Fukunaga, Matsunaga, Anderson.
Managers on the part of the Senate.

Representatives Arakaki, Kawakami, Kahikina, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 103 on H.B. No. 1657

The purpose of this bill is to:

- (1) Broaden the mission of the University of Hawaii (UH) College of Education beyond the training of teachers to meet the requirements of the State's public schools;
- (2) Authorize UH to employ or retain its own attorney, not required to be a deputy attorney general; and
- (3) Exempt all special funds of UH and community colleges, except the Research Corporation Special Fund, from assessments for central service and departmental administrative expenses.

With regard to the portion of the bill related to the mission of the College of Education at the University of Hawaii (College), your Committee finds that the initial mission of the College was limited to teacher training. This mission continues to be the primary function of the College because its primary role is to train the many new teachers needed each year for Hawaii's public and private schools. However, in the decades that have elapsed since its inception, the College has become more comprehensive in its approach, so that it now engages in research and community service as well as teacher training. This expansion of the overall mission is consistent with what has occurred in similar colleges of education throughout the nation. It should be noted that the additional activities are related to teacher training, and support this primary function.

This bill is intended to recognize and endorse the change in philosophy that has occurred at the College over the years and to describe more accurately its current mission. The bill is not intended to shift the emphasis of the College toward a particular function or away from another in any way. In acknowledging the College's current activities, the bill also acknowledges its many outstanding accomplishments.

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

- (1) Authorizing UH to employ or retain its own attorney, not required to be a deputy attorney general; and
- (2) Exempting all special funds of the UH and community colleges, except the Research Corporation Special Fund, from assessment for central service and departmental administrative expenses.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1657, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1657, H.D. 1, S.D. 1, C.D. 1.

Senators Aki, Tam, Ige, D., Ige, M., Slom.
Managers on the part of the Senate.

Representatives Morihara, Stegmaier, Say, Tarnas, McDermott.
Managers on the part of the House.

Conf. Com. Rep. No. 104 on H.B. No. 2234

Your Committee has amended this measure by changing the implementation date for the legislature to formulate general fund budget appropriations for the University of Hawaii from fiscal year 1997-1998 to fiscal year 1999-2000.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2234, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2234, H.D. 1, S.D. 1, C.D. 1.

Senators Aki, Tam, Ige, D., Ige, M., Taniguchi, Slom.
Managers on the part of the Senate.

Representatives Morihara, Say, Suzuki, Takai, Halford.
Managers on the part of the House.

Conf. Com. Rep. No. 105 on H.B. No. 1775

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining unit 6 cost items, including the cost of salary adjustments negotiated between the public employers and the exclusive representative of bargaining unit 6 for the fiscal biennium 1997-1999.

Your Committee has amended this measure by:

- (1) Inserting the actual amounts to be appropriated or authorized to cover the costs of the cost items and salary adjustments for unit 6;
- (2) Changing the effective date of this measure to July 1, 1997; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1775, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1775, S.D. 1, C.D. 1.

Senators Fernandes Salling, Fukunaga, Kanno, Chun Oakland, Taniguchi, Anderson.
Managers on the part of the Senate.

Representatives Say, Ito, Kawakami, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 106 on H.B. No. 1732

The purpose of this bill is to enable the Bureau of Conveyances (Bureau) to serve the public more efficiently by providing the resources to assist the Bureau to modernize its computerized recording system through the:

- (1) Establishment of the Bureau of Conveyance Equipment Modernization Special Fund (Fund); and
- (2) Requirement of depositing \$2 of the collected modernization fee for each document recorded for Land Court registration and bureau recordation in the Fund.

Upon careful consideration, your Committee has amended this measure by inserting an appropriation amount of \$600,000.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1732, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1732, H.D. 2, S.D. 1, C.D. 1.

Senators Iwase, Solomon, Fernandes Salling, Fukunaga, Tanaka, Anderson.
Managers on the part of the Senate.

Representatives Menor, Kawakami, Garcia, Goodenow, Aiona.
Managers on the part of the House.

Conf. Com. Rep. No. 107 on H.B. No. 1547

The purpose of this bill, as received by your Committee on Conference, is to provide additional incentives for operating interisland ferry service between Molokai and Maui, including the issuance of a commercial operating license and the waiver of applicable fees at Lahaina small boat harbor.

Your Committee on Conference notes that H.B. No. 1547, H.D. 2, as it passed the House, establishes a 5-year pilot program for community-based management of one or more state small boat harbors. The Senate passed S.B. No. 1889, S.D. 1, which is substantially the same, but identifies Ala Wai Marina as the pilot program site.

Your Committee on Conference recognizes the importance of the State small boat harbors for recreational boating activities, landing of fish, commercial vessel activities, interisland commerce, and interisland ferry transportation. Your Committee on Conference also recognizes the need to fully evaluate the feasibility of establishing community-based management of State small boat harbors, before making such a commitment. To help achieve this goal, H.C.R. No. 153, H.D. 1, has been passed by both houses of this legislature which calls on the auditor to do an audit of all State small boat harbors.

After careful consideration, your Committee on Conference has amended this measure so that there are now two parts. Part one creates a task force in the Department of Land and Natural Resources to evaluate the feasibility and make recommendations about establishing a community-based management pilot program for one or more state small boat harbors. Part two provides additional incentives for operating interisland ferry service between Molokai and Maui, including the issuance of a commercial operating license and the waiver of applicable fees at Lahaina small boat harbor.

Your Committee on Conference emphasizes that the Department of Land and Natural Resources should take whatever actions necessary to facilitate the early completion of the audit of all of the State small boat harbors as per H.C.R. No. 153, H.D. 1, so that the information contained in the audit may be evaluated by the task force in a timely manner as directed in this measure.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1547, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1547, H.D. 2, S.D. 1, C.D. 1.

Senators Taniguchi, Tanaka, Fernandes Salling, Fukunaga, Chumbley, Ihara, Slom.
Managers on the part of the Senate.

Representatives Tarnas, White, Goodenow, Morihara, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 108 on H.B. No. 1023

The purpose of this bill is to broaden the scope of the annual conference of secondary school students by:

- (1) Extending participation to students in grades seven and eight;
- (2) Allowing different formats for the conference; and
- (3) Increasing membership on the student conference committee.

Your Committee has amended the bill by deleting the increase in membership on the student conference committee.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1023, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1023, S.D. 1, C.D. 1.

Senators Tam, Aki, Fernandes Salling, Ige, M., Slom.
Managers on the part of the Senate.

Representatives Stegmaier, Kawakami, Goodenow, Takai, Halford.
Managers on the part of the House.

Conf. Com. Rep. No. 109 on H.B. No. 1731

The purpose of this bill is to require head librarians at each library to be responsible for the selection of materials for their respective library, subject to policies set by the Board of Education and the state Librarian.

The bill has been amended by deleting its substance and replacing it with provisions authorizing the Board of Education to establish a library advisory commission for each county instead of the existing mandate for their establishment.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1731, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1731, H.D. 1, S.D. 2, C.D. 1.

Senators Tam, Aki, Fernandes Salling, Ige, M., Slom.
Managers on the part of the Senate.

Representatives Stegmaier, Kawakami, Goodenow, Morita, Ward.
Managers on the part of the House.

Conf. Com. Rep. No. 110 on H.B. No. 120

The purpose of this bill is to address the fragmentation of care for the chronically ill and disabled elderly by:

- (1) Extending the demonstration Program for All-Inclusive Care for the Elderly (PACE) to June 30, 2002; and
- (2) Requiring the PACE demonstration program to submit a program description and financial and management report (report) to the Legislature for each of the fiscal years extending from July 1, 1997, to June 30, 2002.

Your Committee supports the intent of the PACE program at Maluhia and commends Maluhia for its long-term care services. While the federal government acknowledges the merits of the original PACE program, your Committee believes that PACE programs vary in their cost-effectiveness. Therefore, your Committee concurs that a study is needed to determine the cost-effectiveness of the

PACE program at Maluhia since its inception. The study should document that the PACE program prevented or delayed nursing home placements or saved the State money without diminishing quality of care.

Your Committee has amended this measure by:

- (1) Deleting the requirement that the PACE program submit a report for each fiscal year from July 1, 1992, to June 30, 2002;
- (2) Specifying that the assessment of the State's exposure to liability include:
 - (A) A financial measurement of the State's obligation to provide care to all participants through the termination of all care contracts;
 - (B) A comparison between the State's exposure to liability and the charge to be approved or estimated to be approved by Health Care Financing Administration; and
 - (C) An explanation of all assumptions used to develop the assessment;
- (3) Clarifying that the assessment is an extension of paragraph (9) for the evaluation of the future viability of this project in consideration of all relevant costs, including overhead, facilities and housing costs, fringe benefits and payroll taxes, financing, and the cost of pass through services from other sectors of government;
- (4) Clarifying the number of full-time employees will also include part-time employees, if any, by the use of the term full-time "equivalent" employees; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 120, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 120, H.D. 1, S.D. 1, C.D. 1.

Senators Chun Oakland, Kanno, Fernandes Salling, Fukunaga, Levin, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Arakaki, Santiago, Suzuki, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 111 on H.B. No. 147

The purpose of this bill is to establish a two-year joint legislative committee (Committee) to develop a sound financial plan to address the current and future long-term care needs of the people of Hawaii.

In addition, this bill also:

- (1) Requires the Committee to submit a report of its findings and recommendations to the Legislature by December 1, 1998; and
- (2) Appropriates funds for expenses related to the Committee.

Your Committee has amended this bill by:

- (1) Inserting the sum of \$25,000 to be expended by the House of Representatives and the sum of \$25,000 to be expended by the Senate, for expenses related to the Committee; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 147, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 147, H.D. 1, S.D. 1, C.D. 1.

Senators Chun Oakland, Kanno, Fernandes Salling, Fukunaga, Baker, Levin, Anderson.
Managers on the part of the Senate.

Representatives Arakaki, Kawakami, Ahu Isa, Kahikina, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 112 on H.B. No. 1836

The purpose of this bill is to authorize the Department of Health to administer a state revolving fund program for the improvement of public water systems. Specifically, this bill establishes a mechanism to provide loans and other financial assistance to public water systems, including systems that are privately owned, to protect the quality of drinking water throughout the State. The bill amends the state safe drinking water laws to ensure proper coordination of state and federal resources in accordance with the federal Safe Drinking Water Act Amendments of 1996. Additionally, the bill requires the Department of Health to conduct annual testing of water catchment systems and permits the Director of Health to adopt rules for public water systems compliance with primary drinking water regulations.

Your Committee finds that ensuring the quality of Hawaii's drinking water is a fundamental responsibility of the State and that the financing mechanisms established by this measure is critical to the effective performance of that function. Your Committee believes that the quality of the water in water catchment systems has been overlooked in previous efforts to improve the State's water quality and that a testing and technical assistance program is needed at this time.

Your Committee amended this bill by:

- (1) Requiring the Department of Health to permit the use of certified private analytical laboratories to conduct the tests of water in water catchment systems;
- (2) Establishing a co-pay arrangement for those tests with the requesting resident paying twenty-five dollars for the tests and the Department of Health covering the remainder of the costs;
- (3) Limiting requests for those tests by residents to one request a year under the program; and
- (4) Requiring the Department of Health to establish a non-regulatory technical assistance program to assist residents relying on water catchment systems for their water needs in improving the water quality of those systems through practical and affordable methods.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1836, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1836, H.D. 2, S.D. 1, C.D. 1.

Senators Levin, Metcalf, Slom.
Managers on the part of the Senate.

Representatives Yoshinaga, Kanoho, Goodenow, Hamakawa, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 113 on H.B. No. 2032

The purpose of this bill, as received by your Committee on Conference, is to establish a school-to-work opportunities system.

Your Committee has amended this bill by:

- (1) Changing the appropriations to \$500,000 for fiscal year 1997-1998 and \$500,000 for fiscal year 1998-1999; and
- (2) Making technical, nonsubstantive amendments to section 1 for the purpose of consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2032, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2032, H.D. 2, S.D. 2, C.D. 1.

Senators Tam, Aki, Fernandes Salling, Kanno, Chun Oakland, Kawamoto, Slom.
Managers on the part of the Senate.

Representatives Stegmaier, Kawakami, Ito, Tarnas, McDermott.
Managers on the part of the House.

Conf. Com. Rep. No. 114 on H.B. No. 1781

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining units 3, 4, and 13 cost items, including the cost of salary adjustments negotiated between the public employers and the exclusive representatives of bargaining units 3, 4, and 13 for the fiscal biennium 1997-1999.

Your Committee has amended this bill by:

- (1) Inserting the actual amounts to be appropriated or authorized to cover the costs of the cost items and salary adjustments for units 3, 4, and 13;
- (2) Changing the effective date of this measure to July 1, 1997; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1781, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1781, S.D. 1, C.D. 1.

Senators Fernandes Salling, Fukunaga, Kanno, Chun Oakland, Taniguchi, Anderson.
Managers on the part of the Senate.

Representatives Say, Ito, Kawakami, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 115 on H.B. No. 1857

The purpose of this bill is to provide for the completion of the process undertaken through chapter 674, Hawaii Revised Statutes, and to establish a mechanism to resolve issues which have arisen during that process.

The background of this bill is described in H.S.C.R. 1091 (1997) and S.S.C.R. 1481 (1997) reporting earlier drafts of this measure to the House of Representatives and the Senate. Your Committee adopts and incorporates these reports into this conference committee report.

This bill as amended:

- (1) Extends the deadline for submission of a final report to the Legislature by the Hawaiian Home Lands Trust Individual Claims Review Panel (Panel) by two years prior to the Regular Session of 1999;
- (2) Extends certain other statutory deadlines accordingly;
- (3) Urges the Panel and the chairperson of the Hawaiian Homes Commission to seek throughout the interim the resolution of properly submitted claims, especially those included in the Panel's 1997 report to the Legislature, by nonmonetary remedial action; and
- (4) Establishes a working group to adopt an appropriate formula and guidelines for application by the Panel in addressing properly submitted claims. Your Committee directs this working group to the above referenced legislative history for expression of legislative intent.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1857, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1857, H.D. 1, S.D. 1, C.D. 1.

Senators Iwase, Solomon, Chumbley, Matsunaga, Fernandes Salling, Tanaka, Anderson.
Managers on the part of the Senate.

Senator Fukunaga did not sign the report.

Representatives Case, Tom, Say, Suzuki, Kawanakoa.
Managers on the part of the House.

Conf. Com. Rep. No. 116 on H.B. No. 2207

The overall purpose of this bill is to continue past executive and legislative efforts, undertaken in conjunction with the people of Hawaii, toward a comprehensive, just, and lasting resolution of outstanding issues relating to Native Hawaiians. This bill focuses on a particularly difficult set of issues which affect some 1.2 million acres of state land currently subject to the public trust established under section 5(f) of the Admission Act.

These lands are commonly referred to, and are referred to in this report, as the "ceded lands". The specific purposes of this bill are to:

- (1) Confirm the doctrine of separation of powers and the reservation to the legislature of matters relating to the ceded land trust;
- (2) Reiterate legislative intent in the enactment of state statutes addressing the ceded land trust including Act 304, Session Laws of Hawaii (1990);
- (3) Establish a process involving the executive and legislative branches and the Office of Hawaiian Affairs (OHA) to address outstanding issues relating to the ceded land trust and make recommendations to the legislature for global resolution;
- (4) Complete the inventory and mapping of the ceded lands as part of that process;
- (5) Assure OHA an adequate and predictable level of funding from ceded land trust revenues pending completion of that process; and
- (6) Take other actions to effectuate those purposes.

The history of the ceded land trust and a full elucidation of the legislature's intent in its statutory enactments governing the trust and related matters is set forth in H.S.C.R. No. 602 (1997), H.S.C.R. No. 1090 (1997), and S.S.C.R. No. 1118 (1997), reporting earlier drafts of this measure to the House of Representatives and the Senate, as well as in the drafts themselves. Your Committee specifically adopts and incorporates the statements in those reports and drafts into this conference committee report.

As more fully elucidated in the above referenced legislative history, it is vital that the judicial branch honor the separation of powers and implement legislative intent. It is vital that the legislature establish a mechanism within the control of the executive and legislative branches to fully address and make recommendations to the legislature, within a time certain, for the complete resolution of issues relating to the ceded land trust. And, it is vital that, during the period in which the evaluative process is underway, OHA be assured an adequate and predictable level of funding in order to continue its mission.

Section 1 of the bill provides specific legislative findings on the various matters addressed in the legislative history. Section 2 makes \$15.1 million available for OHA to expend for bettering the conditions of native Hawaiians for each year of the upcoming fiscal biennium as the pro rata portion of ceded land trust revenues due OHA for the period. This amount exceeds average annual revenues to OHA over recent years and is almost double receipts by OHA over the current fiscal year. More important, this section removes the need to apply the current definition of "revenue" to day-to-day government operations, and eliminates further disputes over this issue while the concurrent broader resolution process is underway.

Section 3 establishes the resolution mechanism: a joint committee consisting of appointees of the executive and legislative branches and OHA operating with a specified mandate. The joint committee is charged with providing a progress report to the 1998 legislative session and a final report to the 1999 session, envisioning legislative deliberation and possible implementation during the 1999 session. Operating funding for the committee is provided under section 5.

Sections 4 through 6 provide for an integral part of the resolution mechanism: a comprehensive inventory and mapping of the ceded lands to be conducted and completed on a parallel track and in close coordination with the joint committee. Your committee

notes that base information on the ceded lands already exists with the Department of Land and Natural Resources (DLNR) and, separately, with OHA, and expects all of this information to be utilized in completing the inventory and mapping so as to avoid duplication. One million dollars is also appropriated to DLNR to complete this assignment, to be matched by OHA, with some pro rata contributions from the Department of Hawaiian Home Lands if and to the extent that department controls any ceded lands.

Section 7 provides appropriation language to effectuate section 2. Section 8 emphasizes that this bill inclusive of its legislative history are to govern any interpretation of Act 304. Section 10 provides for the bill's effective date.

Your Committee firmly believes that this bill is essential to provide interim stabilization and direction with respect to the ceded land trust and to move toward a lasting solution. In this belief, your Committee embraces the historical context of this effort and fully endorses the legislative findings set forth in the first two paragraphs of this bill, in particular the bill's paramount objective of continuing with mutual resolve toward a "comprehensive, just and lasting resolution."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2207, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2207, H.D. 2, S.D. 1, C.D. 1.

Senators Iwase, Solomon, Fernandes Salling, Ihara, Tanaka, Anderson.
Managers on the part of the Senate.

Senator Fukunaga did not sign the report.

Representatives Case, Say, Suzuki, Yamane, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 117 on H.B. No. 931

The purpose of this bill is to appropriate funds for each year of the 1997-1999 fiscal biennium for agricultural research and development to be performed by the Hawaii Agriculture Research Center (HARC).

Upon consideration, your Committee has amended this bill by:

- (1) Inserting the appropriation sum of \$1,000,000 for fiscal year 1997-1998 for agricultural research and development by HARC;
- (2) Deleting reference to the fiscal year 1998-1999 appropriation;
- (3) Providing in the appropriation section of the bill that \$250,000 per year may be released unmatched for exploratory agricultural research and development; and
- (4) Making technical, nonsubstantive amendments for clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 931, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 931, H.D. 2, S.D. 1, C.D. 1.

Senators Taniguchi, Tanaka, Fernandes Salling, Fukunaga, Anderson.
Managers on the part of the Senate.

Representatives Jones, Abinsay, Chang, White, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 118 on H.B. No. 1690

The purpose of this bill is to:

- (1) Exempt the Hawaii Health Systems Corporation from the requirement that mandates the transfer of their maximized revenues into the Interagency Federal Revenue Maximization Revolving Fund; and
- (2) Appropriating funds to the Departments of Education, Health, and Human Services to pay for expenses associated with the Revenue Maximization Project.

Your Committee has amended this bill by inserting the following amounts for expenses related to the recovery of federal fund reimbursements under section 29-24, Hawaii Revised Statutes:

- (1) \$425,000 for each year of the fiscal biennium for the Department of Human Services;
- (2) \$200,000 for each year of the fiscal biennium for the Department of Education; and
- (3) \$425,000 for each year of the fiscal biennium for the Department of Health.

It is the intent of the Legislature to support the departments' efforts to maximize federal funds. Therefore, your Committee requests the Departments of Human Services, Education, and Health to submit a report to the Legislature no later than twenty days prior to the convening of the Regular Session of 1998 describing:

- (1) The type and amount of federal funds that were brought into the state; and
- (2) The manner in which each department would spend these funds if the funds were made available to the department.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1690, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1690, H.D. 1, S.D. 1, C.D. 1.

Senators Levin, Metcalf, Fernandes Salling, Fukunaga, Slom.
Managers on the part of the Senate.

Representatives Say, Kawakami, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 119 on H.B. No. 1656

The purpose of this bill is to recognize that the Board of Regents should have full authority to manage tuition revenues generated by the University of Hawaii by:

- (1) Terminating the diversion of tuition revenues to the Hawaii opportunity program in education (HOPE) special fund;
- (2) Transferring the balance of the HOPE special fund to the tuition and fees special fund; and
- (3) Eliminating the HOPE special fund.

The bill has been amended by:

- (1) Changing the name of the HOPE special fund to the HOPE endowment special fund and retaining it rather than eliminating it;
- (2) Funding HOPE activities through revenues generated by investment of principal rather than revenues from an outside source (tuition); and
- (3) Retaining the moneys in the new HOPE endowment special fund rather than transferring it to another fund.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1656, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1656, H.D. 1, S.D. 2, C.D. 1.

Senators Aki, Tam, Ige, D., Ige, M., Slom.
Managers on the part of the Senate.

Representatives Morihara, Say, Ahu Isa, Takai, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 120 on H.B. No. 1804

The purpose of this bill is to establish a repair and maintenance special fund into which shall be transferred one percent of all general obligation bond fund appropriations for capital improvements designated as the construction cost element.

The fund is to be used for:

- (1) Planning, design, and construction costs for repair and maintenance projects; and
- (2) Alterations and renovations that will extend the life of existing state facilities.

Upon consideration, your Committee has amended this measure by providing that twenty-five percent of the annual transfer into the fund shall be used for repair and maintenance for the Judiciary Branch.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1804, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1804, H.D. 1, S.D. 1, C.D. 1.

Senators Fernandes Salling, Fukunaga, Tam, Ihara, Taniguchi, Anderson.
Managers on the part of the Senate.

Representatives Say, Takai, White, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 121 on S.B. No. 1618

The purpose of this bill is to establish a Transportation Improvement Special Fund, and receive reimbursements from private developers who have been advanced public funds to fulfill the conditions of land use development relating to transportation.

Your Committee upon further consideration has made the following amendment to S.B. No. 1618, H.D. 2, by adding a section requiring the Department of Transportation to prepare and submit an annual report on the use of the Transportation Improvement Special Fund twenty days prior to each legislative session. The annual report shall include, but not be limited to, the fund balance, expenses made from the fund, and proposed appropriations from the fund for the next fiscal year.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1618, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1618, H.D. 2, C.D. 1.

Senators Sakamoto, Fernandes Salling, Kawamoto, Taniguchi, Slom.

Managers on the part of the Senate.

Representatives Hiraki, Say, Nakasone, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 122 on S.B. No. 1943

The purpose of this bill is to authorize the Director of Finance of each county to issue special number plates in lieu of regular plates to organizations meeting the minimum qualifications established in rules.

This bill also requires the word "Hawaii" to appear along the upper portion of the number plate, and the words "Aloha State" to appear on the lower portion of all number plates issued in the State of Hawaii.

Your Committee upon further consideration has amended S.B. No. 1943, S.D. 1, H.D. 2, by adding provisions to authorize the issuance of special number plates for certain categories of veterans. Specifically, the special number plates will include plates that read: "COMBAT WOUNDED", "VETERAN", "PEARL HARBOR SURVIVOR", "FORMER PRISONER OF WAR", "COMBAT VETERAN", "VIETNAM VETERAN", "KOREA VETERAN", or "WORLD WAR II VETERAN".

These special number plates for military service will be limited to only one noncommercial passenger motor vehicle or motorcycle or motor scooter in one category of special number plates; but, if the qualified owner of a motor vehicle also has a motorcycle or a motor scooter, such an owner will be allowed a second number plate for the motorcycle or motor scooter.

Your Committee also made technical, nonsubstantive changes for consistency.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1943, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1943, S.D. 1, H.D. 2, C.D. 1.

Senators Kawamoto, Sakamoto, Aki, Anderson.
Managers on the part of the Senate.

Senator Kanno did not sign the report.

Representatives Hiraki, Ito, Nakasone, Takumi, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 123 on S.B. No. 1919

The purpose of this bill is to increase public access to the legislative process and to enhance the efficiency and effectiveness of the Legislature by:

- (1) Establishing the Legislative Broadcast Program in the State Capitol as a permanent part of the Legislature's Public Access Program and appropriating \$1 in fiscal year 1997-1998 for the program;
- (2) Providing equal access to legislative broadcasts for all citizens in the State and appropriating \$1 each to three neighbor island broadcasting organizations in fiscal year 1997-1998;
- (3) Giving the Legislative Analyst additional duties and responsibilities, including the analysis of bills proposing to establish new special funds or new revolving funds; and
- (4) Appropriating \$1 in fiscal year 1997-1998 to replace the Legislature's existing computer information system.

Your Committee on Conference has amended this bill by:

- (1) Deleting, in section 1 of the bill which expresses the purpose of the bill, paragraph (3) relating to requiring the legislative analyst to analyze bills proposing to establish new special funds or revolving funds;
- (2) Renaming PART I. "LEGISLATIVE BROADCAST PROGRAM" TO "LEGISLATIVE PUBLIC ACCESS";
- (3) Amending the \$1 appropriated in fiscal year 1997-1998 for the legislative broadcast program to \$175,000;
- (4) Deleting the title only "PART II. NEIGHBOR ISLAND PUBLIC ACCESS";
- (5) Amending the \$3 appropriation to three neighbor island broadcasting organizations to \$75,000 as follows:

Ho'ike Kauai.....	\$22,379
Akaku: Maui Community Television.....	\$20,323
Na Leo 'O Hawai'i.....	\$32,298

- (6) Deleting PART III and section 6 of the bill relating to the analysis by the legislative analyst of bills proposing new special funds;
- (7) Deleting section 7 of the bill repealing section 23-11, Hawaii Revised Statutes, relating to the Auditor analyzing bills proposing new special funds;
- (8) Deleting the title only "PART IV. LEGISLATIVE MANAGEMENT", re-numbering section 8 of the bill to section 5, and amending the appropriated amount from \$1 to \$1,500,000 to replace the existing legislative information system; and

- (9) Amending the effective date to July 1, 1997.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1919, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1919, S.D. 1, H.D. 2, C.D. 1.

Senators Fukunaga, Fernandes Salling, Ihara, Taniguchi.
Managers on the part of the Senate.

Representatives Kanoho, Say, Ito, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 124 on S.B. No. 1571

The purpose of this bill is to allow Department of Health employees to process delayed and late registrations of vital statistics events and to preclude the Department from revealing any index data to the public.

Your Committee believes that restricting total access to index data may be contrary to the State's policy of maximizing access to public information. Your Committee is sensitive to the misuse of certain personal information and amended this bill by limiting the protection of index data from public disclosure only to the date and file number of the vital event and the registrant's age.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1571, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1571, S.D. 1, H.D. 2, C.D. 1.

Senators Metcalf, Levin, Slom.
Managers on the part of the Senate.

Representatives Tom, Say, White, Yamane, Ward.
Managers on the part of the House.

Conf. Com. Rep. No. 125 on S.B. No. 1421

The purpose of this bill is to implement the state "payroll lag", i.e., the conversion of the predicted state payroll to an after-the-fact payroll.

This bill also specifies that the implementation of the after-the-fact payroll is not subject to negotiation, notwithstanding any provision to the contrary in the collective bargaining law.

Under current law, state payroll checks are prepared prior to the end of the work period so that they can be delivered to employees on the last day of the pay period. Your Committee finds that this system can cause incongruities; for example, an employee could sign out for leave at the end of a pay period, be paid, but actually not have enough leave time to take, in which case the State must then collect the overpayment.

Your Committee finds that this bill will conform the state payroll process to the standard practice used by most private businesses, and is an important component in improving the State's fiscal controls and balancing the budget.

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

- (1) Changing the effective date from upon approval to June 29, 1998; and
- (2) Conforming the after-the-fact payroll schedule to commence on the June 30, 1998, pay day, rather than the June 30, 1997, pay day, through the September 15, 1998, pay day, which will be delayed to September 18, 1998; and
- (3) Making nonsubstantive, technical changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1421, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1421, S.D. 2, H.D. 1, C.D. 1.

Senators Fernandes Salling, Fukunaga, Chun Oakland, Anderson.
Managers on the part of the Senate.

Senator Kanno did not sign the report.

Representatives Say, Nakasone, Ward.
Managers on the part of the House.

Conf. Com. Rep. No. 126 on S.B. No. 1632

The purpose of this bill is to consolidate and streamline the State's diverse housing functions to promote and improve the housing opportunities for all residents. In particular the bill consolidates and streamlines the varied housing programs now under the Hawaii Housing Authority, the Housing Finance and Development Corporation, and the Rental Housing Trust Fund.

Your Committee on Conference decided to use H.B. No. 143, H.D. 2, S.D. 1, as the vehicle for housing consolidation, and therefore placed the provisions of S.B. No. 1632, S.D. 2, H.D. 2, together with amendments agreed to by your Committee on Conference into H.B. No. 143, H.D. 2, S.D. 1, C.D. 1.

Your Committee on Conference has amended this bill in turn by replacing its provisions with those of H.B. No. 143, H.D.2, S.D. 1, which amends section 515-3, Hawaii Revised Statutes, to conform with the Federal Fair Housing Amendments Act of 1988 and satisfy the requirements necessary for Hawaii to continue to receive federal funds. In general the provisions from H.B. No. 143, H.D. 2, S.D. 1, delete the requirement that a disabled person use a "certified" guide or signal dog; and defines "service animal" to include all animals trained to provide those life activities limited by a person's disability.

By contract between Hawaii Civil Rights Commission (HCRC) and the federal Department of Housing and Urban Development (HUD), HCRC receives \$1200 per investigation of discriminatory practices from HUD. It was estimated that HCRC received approximately \$70,000 a year, and that this money was important to HCRC's operations particularly in these economically stressed times. In order to continue federal funding, the State's laws must be in substantial compliance with federal laws. HUD has required this compliance in the past and is expected to continue its insistence on compliance when the contract is renewed in September of this year.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1632, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1632, S.D. 2, H.D. 2, C.D. 1.

Senators Ige, M., Bunda, Fernandes Salling, Fukunaga, Ihara, Taniguchi, Anderson.
Managers on the part of the Senate.

Representatives Saiki, Kawakami, Lee, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 127 on S.B. No. 37

The purpose of this bill is to:

- (1) Amend the definitions of "education and training services", "medical and health care services", and "telecommunication services" under the State Enterprise Zone Law (Law);
- (2) Specify that only Census Tract #405 on Kauai is eligible for enterprise zone (EZ) designation which will remain in effect until January 1, 1997, rather than January 1, 1996;
- (3) Exempt agricultural producers in Kauai from certain requirements of the Law;
- (4) Repeal the requirement that tangible personal property be delivered to buyers in the EZ in which it is sold;
- (5) Specify that agricultural producers operating as qualified businesses in Kauai prior to June 30, 1998, may complete their seven years of eligibility under the Law;
- (6) Require the Department of Business, Economic Development, and Tourism (DBEDT) to certify annually to the Department of Taxation that qualified businesses are exempt from the use tax for their purchases; and
- (7) Specify that the gross proceeds received by contractors are exempt from the general excise tax for construction within EZs performed for a qualified business within an EZ.

Your Committee finds that this measure contains important housekeeping amendments clarifying the intent of various aspects of the Law.

Your Committee has amended this measure by:

- (1) Making agricultural lands in the Waialua district on Oahu an enterprise zone from July 1, 1997, to June 30, 2002; and
- (2) Making numerous technical drafting changes for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 37, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 37, S.D. 1, H.D. 2, C.D. 1.

Senators Taniguchi, Tanaka, Bunda, Slom.
Managers on the part of the Senate.

Representatives Herkes, Jones, Say, Abinsay.
Managers on the part of the House.

Representative McDermott did not sign the report.

Conf. Com. Rep. No. 128 on S.B. No. 1891

The purpose of this bill is to require the Convention Center Authority (CCA) to study the feasibility of allowing residents and community organizations to use the convention center whenever the facility is not reserved for out-of-state convention group events. The bill also extends the sunset date of the CCA from June 30, 1998, to June 30, 1999.

Your Committee finds that modern new meeting facilities are needed to address the needs of local residents and community organizations. While the focus of the convention center should continue to be on attracting offshore business, enabling local persons and groups to use the convention center whenever out-of-state events are not scheduled will increase the public benefit of building this important facility. It will also help to gain acceptance and cooperation of the private and public sectors in contributing to the overall success of the convention center.

Your Committee has amended this measure by:

- (1) Deleting the feasibility study, and instead requiring the CCA to study the relevant rules of other jurisdictions and, based upon that study, to submit to the Legislature twenty days prior to the Regular Session of 1998 draft rules for the use of the center by residents and community organizations whenever the facility is not reserved for out-of-state convention group events;
- (3) Making the bill effective upon approval; and
- (4) Making several technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1891, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1891, S.D. 1, H.D. 2, C.D. 1.

Senators Taniguchi, Tanaka, Chumbley, Fukunaga, Ihara, Slom.
Managers on the part of the Senate.

Representatives Cachola, Say, Chang, White, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 129 on S.B. No. 58

The purpose of this bill is to require the Department of Education (DOE) to establish and maintain kindergartens as part of the public school system without school zone limitations. The bill also clarifies that kindergarten participation is not mandatory and gives the Board of Education (BOE) flexibility to determine the readiness of five year old children to attend kindergarten.

Your Committee on Conference amended this bill by:

- (1) Replacing the clarifying age requirements;
- (2) Deleting the flexibility of the DOE to establish procedures and criteria to determine the psychological and physiological readiness of children for kindergarten attendance and exceptions to the age requirement; and
- (3) Requiring that the BOE develop informational guidance to assist in understanding a child's readiness for kindergarten.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 58, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 58, S.D. 1, H.D. 1, C.D. 1.

Senators Tam, Aki, Fernandes Salling, Ige, D., Metcalf, Slom.
Managers on the part of the Senate.

Representatives Stegmaier, Kawakami, Morita, Tarnas, Halford.
Managers on the part of the House.

Conf. Com. Rep. No. 130 on S.B. No. 1951

The purpose of this bill is to encourage business opportunities in the state by:

- (1) Establishing an income tax credit for costs incurred in the production of motion picture or television films in the State; and
- (2) Exempting from the General Excise Tax (GET) amounts received from the servicing and maintenance of aircraft or from the construction of an aircraft service and maintenance facility in the State.

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

- (1) Repealing the sunset date of the GET exemption for stock and commodities exchanges, which is set to expire on June 30, 2000; and
- (2) Making technical, nonsubstantive amendments for the purpose of clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1951, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1951, H.D. 2, C.D. 1.

Senators Fernandes Salling, Fukunaga, Kawamoto, Tam, Taniguchi.
Managers on the part of the Senate.

Senators Tanaka and Anderson did not sign the report.

Representatives Herkes, Say, Suzuki, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 131 on S.B. No. 1581

The purpose of this bill is to encourage developers and prospective purchasers to clean up contaminated properties and put them into productive use by establishing the Voluntary Response Program. This bill establishes a process whereby a qualified person, upon approval by the Department of Health (Department), may engage in a voluntary clean up program. The Department must then

establish a site specific account to fund various specific clean up expenses. Upon satisfactory clean up, the Department must issue a letter of completion and return all remaining fund balances in the site specific account to the requesting party. Prospective purchasers who complete voluntary response actions as provided in this measure receive certain exemptions from future liability.

Your Committee finds that the environmental response programs within the Department are currently understaffed, making investigations and remedial efforts extremely difficult and only marginally effective. Your Committee believes it is critical that financing be available for the voluntary clean up programs. Consequently, your Committee believes that for the purpose of evaluating a lender's qualification as a "prospective purchaser" under section 128D-J of the voluntary response program, the Asset Conservation, Lender Liability and Deposit Insurance Protection Act of 1996 should be used.

Your Committee amended this bill by: amending the definition of "owner" or "operator" under the Hawaii environmental response law to exclude persons who hold indicia of ownership primarily to protect their security interests and making the Asset Conservation, Lender Liability and Deposit Insurance Protection Act of 1996 applicable to lenders until the Department adopts rules regarding lenders; and making a technical, nonsubstantive change.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1581, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1581, S.D. 2, H.D. 2, C.D. 1.

Senators Levin, Metcalf, Tam, Slom.
Managers on the part of the Senate.

Representatives Yoshinaga, Say, Goodenow, Kanoho, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 132 on S.B. No. 1082

The purpose of this bill is to require the revenues generated by the environmental response tax and deposited into the environmental response revolving fund to be used for oil spill planning, prevention, preparedness, education, research, training, removal, and remediation; and for direct support for county used oil recycling programs.

In addition, this bill:

- (1) Requires the Director of Health to review and evaluate the operations and the adequacy of the air pollution control equipment for all major sources in Campbell Industrial Park and Kahe Point by July 1, 2017, and to allow major sources until July 1, 2017, to comply with the new air standards;
- (2) Authorizes the Director of Health to recognize and accommodate emission offsets by private agreements between permit holders to enable one permit holder to use the emission credits of another permit holder; and
- (3) Appropriates an unspecified sum to the Department of Health from the environmental response revolving fund for fiscal year 1997-1998 for the purpose of conducting non-oil response actions consistent with the environmental response law.

Your Committee has amended this bill by deleting its contents and inserting provisions requiring the Department of Health to:

- (1) Evaluate the overall direct and indirect costs required to develop, support, and administer all of its water quality programs;
- (2) Review the current fee structure of these programs;
- (3) Develop a proposal to supplement the revenues required to administer these programs by recommending fees for the issuance of permits and variances and any other revenue-generating strategies relating to these programs; and
- (4) Submit its recommendations to the Legislature no later than twenty days prior to the convening of the regular session of 1998.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1082, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1082, S.D. 1, H.D. 2, C.D. 1.

Senators Levin, Metcalf, Tam.
Managers on the part of the Senate.

Representatives Yoshinaga, Menor, Say, Morihara, Kawanakoa.
Managers on the part of the House.

Conf. Com. Rep. No. 133 on H.B. No. 1640

The purpose of this bill is to clarify provisions of the general excise tax for certain businesses to foster compliance with the law and deter abuse.

Upon consideration, your Committee has deleted the provisions of this measure and replaced them with provisions that will provide relief to:

- (1) Businesses economically dislocated due to industrial downsizing; and
- (2) Small business taxpayers adversely affected by natural disaster in counties with populations less than one-hundred thousand or counties with an unemployment rate of ten per cent or higher.

Specifically, this bill will allow these businesses to defer payment of their general excise taxes.

Your Committee would like to encourage the Department of Taxation to educate taxpayers, who elect to defer the general excise tax payment, with regard to the penalties involved in late or nonpayments.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1640, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1640, H.D. 1, S.D. 1, C.D. 1.

Senators Fernandes Salling, Fukunaga, Ihara, Tam, Anderson.
Managers on the part of the Senate.

Representatives Say, Suzuki, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 134 on H.B. No. 1646

The purpose of this bill is to make an emergency appropriation in an unspecified amount for an automated tax systems acquisition by the Department of Taxation.

Your Committee has amended this bill by appropriating the sum of \$1,314,739 for fiscal year 1996-1997 to be used for the acquisition.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1646, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1646, S.D. 1, C.D. 1.

Senators Fernandes Salling, Fukunaga, Ihara, Anderson.
Managers on the part of the Senate.

Representatives Say, Suzuki, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 135 on H.B. No. 1840

The purpose of this bill is to appropriate money to prevent the reduction or discontinuance of services provided by the community hospitals.

Your Committee has amended this bill by appropriating \$12,000,000 for fiscal year 1996-1997.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1840, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1840, H.D. 1, S.D. 1, C.D. 1.

Senators Fernandes Salling, Fukunaga, Levin, Anderson.
Managers on the part of the Senate.

Representatives Santiago, Say, Kahikina, Kawakami, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 136 on H.B. No. 1721

The purpose of this bill is to enable the State to conform to federal law requirements as specified in the Personal Responsibility and Work Opportunities Reconciliation Act of 1996 (Welfare Reform Act), by establishing separate financial assistance programs for families and certain individuals in the State.

Your Committee on Conference has amended this measure by amending the General Assistance eligibility criteria by:

- (1) Providing that persons with disabilities are eligible if they cannot work for twenty hours per week;
- (2) Changing the disability period from thirty to sixty days;
- (3) Providing that the amendments made to section 346-71, Hawaii Revised Statutes, general assistance to households without minor dependents, not be repealed on June 30, 1998; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1721, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1721, H.D. 2, S.D. 2, C.D. 1.

Senators Chun Oakland, Kanno, Fernandes Salling, Fukunaga, Baker, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Arakaki, Say, Kawakami, Santiago, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 137 on H.B. No. 258

The purpose of this bill is to require the Department of Business, Economic Development, and Tourism, in cooperation with the Department of Budget and Finance and the Convention Center Authority to formulate a convention center privatization plan.

Your Committee finds that the important role of the convention center in the visitor industry requires that the state consider all possible options in maximizing the efficiency of the operation of the center and reducing the debt service costs.

Furthermore, accountability by the convention center authority will be better served by separation of the existing convention center capital and operations special fund into two funds.

Your Committee revised the bill by:

1. Adding provisions to amend the Hawaii Revised Statutes to create a new convention center operations special fund;
2. Adding provisions to amend the Hawaii Revised Statutes to change "capital and operations special fund" to "capital special fund" or "operations special fund" where applicable;
3. Adding a provision to authorize the Director of Finance to make a one-time transfer of funds from the capital special fund to the operations special fund;
4. Adding a provision to authorize the Director of Finance to transfer to the operations special fund any encumbrances or liabilities from the capital special fund;
5. Changing the effective date to July 1, 1997;
6. Making appropriate changes to the purpose section; and
7. Making technical, non-substantive changes for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 258, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 258, S.D. 2, C.D. 1.

Senators Taniguchi, Tanaka, Fernandes Salling, Fukunaga, Ihara, Slom.
Managers on the part of the Senate.

Representatives Cachola, Say, Ahu Isa, Chang, Aiona.
Managers on the part of the House.

Conf. Com. Rep. No. 138 on H.B. No. 139

The purpose of this bill, as received by your Committee, is to eliminate the high three multiplier for elected officials by:

- (1) Establishing a split formula to compute the retirement benefits of elective officers;
- (2) Making this change to take effect on July 1, 1997; provided that with respect to current elective officers who are members of the Employees' Retirement System (ERS), the member's benefits accrued up to the expiration of the member's current term of office shall not be diminished or impaired.

BACKGROUND

Enhanced retirement benefits were originally established to attract qualified individuals, who might not have otherwise been able to afford to serve the public as elected officials and judges. Although the ERS was established in 1925 to provide retirement, disability, and survivor benefits for government employees, it was not until 1951 that elected officials actually became eligible for retirement benefits. At that time the legislators only earned \$1,500 for a two-year term. Even for the standard of living in 1951, this was not enough for the average person to live on.

Legislative salaries have increased since 1951. Now, legislators earn \$32,000 per year, which is comparable to what many full-time public employees make.

Your Committee recognizes that these changed circumstances warrant a review of the current law.

"HIGH THREE" STANDARD

Under Hawaii's pension and retirement system law, the highest three years of compensation are used as the basis for computing retirement benefits for all public employees. Over the past few years, concerns have been raised regarding the enhanced retirement benefits received by elective officials and certain other government employees in relation to other public employees who participate in the contributory and noncontributory retirement programs. The concerns about the "high three" formula are misleading because the formula is no different for elected officers than it is for any other public employee.

The calculation of retirement benefits for all members of the ERS is based on a set percentage for each year of service multiplied by the member's average final compensation (AFC). The AFC is the average salary earned during a member's three highest paid years of credited service.

Current law provides that elective officials, legislative officers, and judges base their retirement allowances on 3.5 percent for each year of service multiplied by the member's average final compensation. In comparison, other public employees follow percentage formulas ranging from 1.25 percent to 2.5 percent, depending on the nature of their positions. Because of the current computation

method, an elected official's retirement benefits could increase substantially if the official earned a higher salary in another governmental position.

Upon due consideration, your Committee finds that the establishment of a split formula for computing the retirement benefits of elective officers and certain other public employees would provide greater equity and fairness.

As amended, this bill would require that retirement benefits for elected officials, and certain other public employees, be computed separately based on the number of years multiplied by the highest paid three years:

- (a) As an elective officer;
- (b) As a legislative officer;
- (c) As a judge; and
- (d) In other public service.

For example, under current law, if "X" is an elected official, who was in office for 19 years and received a maximum salary of \$32,000 per year, and then is appointed to become a judge with a salary of \$70,000 per year for 3 years, upon retirement at age 55 would receive up to \$54,565 in pension benefits.

In contrast, under the same circumstances and based on the split formula proposed in this measure, "X" would receive up to \$29,295 in benefits.

EXPECTATION OF ACCRUED BENEFITS

Because of the complex nature of the ERS law, changed conditions, and other considerations, your Committee finds that existing law needs to be revised. However, because of the reliance placed by affected employees on retirement benefits that may have already accrued, caution must be taken to ensure that the accrued benefits of these individuals are not adversely affected.

Article XVI, section 2 of the Hawaii State Constitution, prohibits the diminishing or impairing of the accrued benefits of a member of the Employees' Retirement System. Although the term "accrued benefits" is not specifically defined in the State Constitution or statutes, it has been interpreted to mean benefits that have been earned by reason of previous service.

Article XVI, section 2, also prohibits the reduction of benefits attributable to the past service of public employees. However, it does not limit the Legislature in changing the calculation of benefits of:

- (1) New entrants into the ERS; or
- (2) Persons already in the system with regard to their future service.

The legislative history of article XVI, section 2, states:

... the section would not limit the legislature in making general changes in a system, applicable to past members, so long as the changes did not necessarily reduce the benefits attributable to past services. (Committee of the Whole Report No. 18, section 13, Proceedings of the Constitutional Convention of Hawaii, volume I, page 330 (1950))

AMENDMENTS

Upon careful deliberation, your Committee has amended this bill by:

- (1) Defining "legislative officer" as a chief clerk, assistant chief clerk, sergeant at arms, and assistant sergeant at arms;
- (2) Amending the definition of "elective officers, elective officials" to include persons appointed to fill the vacancy of an elective office;
- (3) Using a split formula to compute the retirement benefits of elective officers and legislative officers based on the nature of service provided;
- (4) Amending the bill to take effect on July 1, 1997, provided that with respect to:
 - (A) Current elective officers and legislative officers who are members of the ERS, benefits accrued up to November 3, 1998, shall not be diminished or impaired;
 - (B) Other members of the ERS who have accrued benefits as elective officers or legislative officers before July 1, 1997, benefits accrued up to June 30, 1997, shall not be diminished or impaired;
- and
- (5) Making technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee believes that the bill, as amended, adjusts the retirement benefits in a fair and just manner equitable without diminishing or impairing accrued benefits.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 139, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 139, H.D. 2, S.D. 1, C.D. 1.

Senators Kanno, Chun Oakland, Fernandes Salling, Fukunaga, Baker, Levin, Anderson.
Managers on the part of the Senate.

Representatives Yonamine, Say, Nakasone, Suzuki, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 139 on H.B. No. 1838

The purpose of this bill is to:

- (1) Develop procedures to facilitate the conduct of voluntary and timely responses to hazardous substance releases and threats of releases by providing relief from liability to eligible persons who conduct adequate voluntary response actions; and
- (2) Authorize the Department of Health (DOH) to:
 - (A) Develop, review, approve, and disapprove an accreditation program for specially trained persons pursuant to the Residential Lead-Based Paint Hazard Reduction Act of 1992, Public Law 102-550; and
 - (B) Regulate lead inspectors, lead risk assessors, lead abatement workers, lead abatement supervisors, and lead abatement project designers.

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

- (1) Deleting the provisions relating to voluntary response actions;
- (2) Changing the effective date to "upon approval"; and
- (3) Making technical, nonsubstantive amendments to correct drafting errors.

As amended, this bill is limited to authorizing DOH to establish rules relating to lead abatement practices and training programs.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1838, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1838, H.D. 2, S.D. 1, C.D. 1.

Senators Levin, Metcalf, Tam, Slom.
Managers on the part of the Senate.

Representatives Yoshinaga, Say, Goodenow, Kanoho, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 140 on H.B. No. 122

The purpose of this bill is to maximize funding for early intervention services for infants and toddlers with special needs by creating an Early Intervention Special Fund (Special Fund) and an Early Intervention Trust Fund (Trust Fund).

Your Committee on Conference has amended this measure by:

- (1) Providing that no state appropriations will be deposited into the Special Fund;
- (2) Deleting references to maintenance of services and existing funding;
- (3) Appropriating out of the Special Fund \$3,200,000 for FY 1997-1998 and \$4,600,000 for FY 1998-1999;
- (4) Appropriating out of the Trust Fund \$3,000,000 for FY 1997-1998 and \$4,500,000 for FY 1998-1999;
- (5) Repealing this Act on June 30, 1999; and
- (6) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 122, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 122, H.D. 1, S.D. 2, C.D. 1.

Senators Levin, Metcalf, Chun Oakland, Fernandes Salling, Fukunaga, Slom.
Managers on the part of the Senate.

Representatives Santiago, Arakaki, Say, Kahikina, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 141 on H.B. No. 167

The purpose of this bill is to establish a Traumatic Brain Injury Program in the Department of Health (DOH) to assist the Governor and the Legislature in devising and carrying out the policies, principles, and recommendations of a comprehensive plan for the coordination of services provided to persons with traumatic brain injury.

Your Committee on Conference has amended this measure by deleting the provisions establishing a Traumatic Brain Injury Program in DOH and substituting provisions to establish a Traumatic Brain Injury Advisory Board (Board) instead. The Board's functions are to:

- (1) Advise DOH in the development and implementation of a comprehensive plan to address the needs of persons affected by disorders and disabilities that involve the brain; and
- (2) Advise DOH of the feasibility of establishing agreements with private sector agencies to develop services for persons with brain injuries.

Your Committee also included an appropriation of \$50,000 for DOH to be used as matching funds, of which \$15,000 shall be used to hire a consultant to write and edit the comprehensive plan.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 167, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 167, H.D. 2, S.D. 1, C.D. 1.

Senators Metcalf, Levin, Chun Oakland, Slom.
Managers on the part of the Senate.

Representatives Santiago, Say, Lee, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 142 on H.B. No. 1984

The purpose of this bill is to support adolescent substance abuse treatment efforts by appropriating funds to provide treatment, in a family-like setting, for teens who are dependent on drugs.

Your Committee on Conference has amended this measure by:

- (1) Appropriating \$453,750 for the purposes of this Act; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1984, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1984, S.D. 2, C.D. 1.

Senators Metcalf, Levin, Fernandes Salling, Fukunaga, Slom.
Managers on the part of the Senate.

Representatives Santiago, Kawakami, Abinsay, Kahikina, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 143 on H.B. No. 1829

The purpose of this bill is to make certain programs in the Department of Health (DOH) financially self-sustaining by:

- (1) Creating the Vital Statistics Improvement Special Fund (Fund) in DOH;
- (2) Raising the fees for obtaining certified copies of birth, marriage, or death certificates issued by DOH;
- (3) Crediting \$1 from the costs of each certified copy of certificates to the Fund;
- (4) Designating the remaining balance of this fee to be divided between the two Spouse and Child Abuse Special Accounts which are currently administered and expended by the Department of Human Services (DHS) and the Judiciary; and
- (5) Requiring DOH, DHS, and the Judiciary to jointly determine the manner in which these funds will be expended.

Your Committee on Conference has amended this measure by:

- (1) Deleting the requirement for DHS, DOH, and the Judiciary to jointly determine expenditures from the Spouse and Child Abuse Special Account;
- (2) Creating the Domestic Violence Prevention Special Fund for DOH staff programs and grants or purchase of service that support or provide domestic violence intervention or prevention;
- (3) Appropriating \$250,000 to carry out the purposes of each special fund;
- (4) Repealing section 7 of Act 232, Session Laws of Hawaii (SLH) 1994, that enabled the DOH, through rules, to increase fees for the issuance of certified copies of birth, death, or marriage certificates;
- (5) Amending the effective date of Act 232, SLH 1994, to allow this measure to be operative under the conditions set forth in Act 232, SLH 1994;
- (6) Sunsetting the bill on June 30, 2000; and
- (7) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1829, H.D. 3, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1829, H.D. 3, S.D. 2, C.D. 1.

Senators Metcalf, Levin, Chun Oakland, Slom.
Managers on the part of the Senate.

Representatives Santiago, Arakaki, Tom, Say, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 144 on H.B. No. 1831

The purpose of this bill is to:

- (1) Allow the extension of the provisional admission to school for children who have not completed the immunization schedule in accordance with Department of Health (DOH) requirements;
- (2) Allow school aides to administer oral and topical medication to students under certain circumstances;
- (3) Require all laboratories performing screening and diagnostic tests for the presence of HIV to use FDA-approved tests only; and
- (4) Eliminate the requirement that a complete roster of all exemptions from vaccination or immunization be kept and maintained in all DOH regional offices.

Your Committee has amended this measure by:

- (1) Specifying that school health aides may administer premeasured medications in emergency situations;
- (2) Retaining in statute the program for chronic renal disease;
- (3) Amending section 457-13, Hawaii Revised Statutes (HRS), to conform with the amendments affecting the ability of school health aides to administer medication; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1831, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1831, H.D. 1, S.D. 2, C.D. 1.

Senators Tam, Aki, Levin, Metcalf, Slom.
Managers on the part of the Senate.

Representatives Santiago, Stegmaier, Kawakami, Kahikina, Ward.
Managers on the part of the House.

Conf. Com. Rep. No. 145 on H.B. No. 1843

The purpose of this bill is to improve water quality by expanding the financing program of the water pollution control revolving fund.

Upon careful consideration, your Committee on Conference has amended this measure to refer to the "county", rather than "county agency".

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1843, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1843, H.D. 2, S.D. 2, C.D. 1.

Senators Metcalf, Levin, Tam, Slom.
Managers on the part of the Senate.

Representatives Yoshinaga, Kanoho, Hamakawa, Morihara, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 146 on H.B. No. 1250

The purpose of this bill is to require the State Emergency Response Commission to monitor pipeline safety activities in the State. This bill also requires the Commission to submit a report of the aforementioned activities to the Legislature on an annual basis.

Your Committee finds that recent hazardous material releases from various pipelines operating in the State demonstrate the need to establish a mechanism to monitor these systems on a more direct and systematic basis. Such an effort will require the participation of all of the players involved in the operation of pipeline systems in Hawaii. Requesting the assistance of government and private sector representatives in this effort will ensure the systematic monitoring and evaluation of pipelines operating throughout the State.

Your Committee has amended this bill by establishing a Pipeline Safety Committee under the Department of Health. The committee will be made up of government and private sector participants involved in the operation and maintenance of pipelines in Hawaii. The committee will function as a central source of information for pipeline safety and technology for all pipelines operating

in the State. The Department of Health will be required to submit a report to the Legislature on the activities of the committee on an annual basis.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1250, H.D. 3, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1250, H.D. 3, S.D. 2, C.D. 1.

Senators Metcalf, Levin, Tam, Slom.
Managers on the part of the Senate.

Representatives Yoshinaga, Tom, Say, Yamane, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 147 on H.B. No. 1701

The purpose of this bill is to establish by statute the current Barbers Point Naval Air Station Redevelopment Commission (Commission) to serve as the local redevelopment authority for the redevelopment of surplus real and personal property at the Barbers Point Naval Air Station.

This measure also establishes certain of the surplus property as the "Kalaeloa Community Development District", and empowers the Commission to redevelop this property in accordance with the Barbers Point Naval Air Station Community Reuse Plan and new development policies established in the bill.

This bill also authorizes the Commission to issue revenue bonds and appropriates \$250,000 for FY1997-1998, to be matched in an equal amount by the City and County of Honolulu, for purposes of this measure.

Your Committee finds that this measure will facilitate the efficient and effective implementation of the Barbers Point Naval Air Station Community Reuse Plan.

Your Committee believes that it is essential in ultimately implementing the Community Reuse Plan to involve, to the extent feasible, all of the various community interests. State and city agencies should also be encouraged to cooperate in this process, which promises benefits to all residents of the State.

Your Committee encourages the Governor, the Mayor of Honolulu, and other appointing bodies to utilize members of the previous commission, who, through dedication and hard work over the past three years on this project, have gained valuable experience and expertise.

Your Committee has amended this measure by:

- (1) Deleting the Executive Director of the Housing Finance and Development Corporation as an ex-officio voting member of the Commission, and substituting the State Director of Transportation;
- (2) Adding the County Director of Transportation Services as an ex-officio voting member of the Commission;
- (3) Deleting the seven voting members appointed by the Governor, and substituting six voting members appointed as follows:
 - (A) One member appointed by the Governor from a list of nominees submitted by the Chair of the Makakilo/Kapolei/Honokai Hale neighborhood board;
 - (B) One member appointed by the Governor from a list of nominees submitted by the Chair of the Ewa neighborhood board;
 - (C) Two members appointed by the Governor, subject to the advice and consent of the Senate, from the general public;
 - (D) One member appointed by the Mayor of Honolulu from the general public; and
 - (E) One member appointed by the Honolulu City Council from the general public;
- (4) Providing that the Commission shall select a Chairperson from among its members;
- (5) Clarifying that a concurrence of a majority of all voting members is necessary to change the Community Reuse Plan;
- (6) Clarifying that successors to Commission members shall be selected in the same manner and representing the same community of interest as the members before them;
- (7) Providing that the Commission shall elect an Executive Director;
- (8) Limiting to \$125,000,000, the amount of revenue bonds that can be issued by the Commission;
- (9) Amending section 206E-4, Hawaii Revised Statutes, to authorize the Hawaii Community Development Authority to render assistance to the Commission;
- (10) Deleting the requirement that the City and County of Honolulu provide \$250,000 in additional funding in FY1997-1998;
- (11) Deleting the requirement that the Commission be comprised of the same community members currently serving on the Commission established by Executive Order No. 94-08;

- (12) Requiring the Commission to report to the legislature on an annual basis, including a summary of public hearings and other forms of community involvement and input;
- (13) Changing the effective date to July 1, 1997; and
- (14) Making several technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1701, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1701, H.D. 2, S.D. 2, C.D. 1.

Senators Taniguchi, Tanaka, Iwase, Solomon, Fernandes Salling, Fukunaga, Kawamoto, Slom.
Managers on the part of the Senate.

Representatives Takamine, Say, Hamakawa, Ito, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 148 on H.B. No. 1591

The purpose of this bill is to address the problem of missing and exploited children by appropriating funds for salaries and general operating costs for the Hawaii State Clearinghouse for Missing Children.

Upon further consideration and agreement, this measure was amended by appropriating \$86,000 for fiscal year 1997-1998 and \$86,000 for fiscal year 1998-1999.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1591, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1591, H.D. 2, S.D. 1, C.D. 1.

Senators Matsunaga, Chumbley, Fernandes Salling, Fukunaga, McCartney, Anderson.
Managers on the part of the Senate.

Representatives Tom, Say, Case, Yamane, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 149 on H.B. No. 1688

The purpose of this bill is to:

- (1) Appropriate an unspecified amount of funds for the operations, administration, and activities of the King Kamehameha Celebration Commission (Commission); and
- (2) Require annual appropriations to the Commission to be at least equal to the last fiscal year for which state moneys were appropriated to the Commission, plus additional amounts for new or expanded events or activities mandated by the Legislature.

Your Committee has amended this bill by:

- (1) Providing the Commission administrative and clerical support with funds collected from fees, public contributions, and private donations; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee discussed concerns regarding the composition of the Commission, as currently mandated by section 8-5, Hawaii Revised Statutes, and the resulting impact on the logistics of administering the Commission, due to the specificity of the requirements. Your Committee expresses a willingness to revisit these concerns during the 1998 Regular Session.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1688, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1688, H.D. 1, S.D. 2, C.D. 1.

Senators Aki, Tam, Ige, D., Ige, M., Slom.
Managers on the part of the Senate.

Representatives Case, Say, Kahikina, Suzuki, Kawanakoa.
Managers on the part of the House.

Conf. Com. Rep. No. 150 on H.B. No. 143

The purpose of this bill is to conform with the Federal Fair Housing Amendments Act of 1988, to meet requirements necessary for Hawaii to continue to receive federal funds.

Specifically, this bill:

- (1) Deletes the requirement that a disabled person must use a "certified" guide or signal dog;
- (2) Provides that a "service animal" is not just a dog, but includes all animals trained to provide those life activities limited by a person's disability; and

- (3) Provides that no owner, nor any other person engaged in a real estate transaction, is relieved from making reasonable accommodations.

After careful consideration, your Committee has amended this bill by deleting the substance and inserting new material, the purpose of which is to consolidate the functions of the Hawaii Housing Authority, the Housing Finance and Development Corporation, and the Rental Housing Trust Fund into the new Housing and Community Development Corporation of Hawaii.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 143, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 143, H.D. 2, S.D. 1, C.D. 1.

Senators Ige, M., Bunda, Fernandes Salling, Fukunaga, Tam, Anderson.
Managers on the part of the Senate.

Representatives Saiki, Kawakami, Lee, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 151 on H.B. No. 108

The purpose of this bill is to protect Hawaii's children and adults from sex offenders by revising requirements for the registration of sex offenders pursuant to the federal Jacob Wetterling Crimes Against Children and Sexually Violent Offender Registration Program; appropriating funds for additional staffing for the Department of the Attorney General; and permitting the taking of blood and saliva samples from certain committed persons to enable development of DNA profiles for these persons.

Upon further consideration and agreement, this measure was amended as follows:

- (1) The definition of "sexually violent offense" was changed to mean an act defined in sections 707-730(1)(a), 707-730(1)(b), 707-731(1)(a), 707-731(1)(b), 707-732(1)(a), 707-732(1)(e), and 707-733(1)(a), Hawaii Revised Statutes;
- (2) Sex offenders are required to register when they expect to be present at some location for more than thirty days, rather than ten days;
- (3) The future address and telephone number of sex offenders is to be made available to the public if known;
- (4) The penalty for the failure of sex offenders to register has been changed to a misdemeanor for the first offense if the failure to register was reckless. Any subsequent reckless failure to register or any knowing or intentional failure to register is a class C felony;
- (5) An appropriation was made of \$300,000 for fiscal year 1997-1998 and \$300,000 for fiscal year 1998-1999; and
- (6) Certain technical, nonsubstantive changes for the purpose of style and clarity were made.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 108, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 108, H.D. 2, S.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, Fernandes Salling, Fukunaga, McCartney, Metcalf, Anderson.
Managers on the part of the Senate.

Representatives Tom, Say, White, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 152 on H.B. No. 1613

The purpose of this bill is to appropriate funds to the Department of the Attorney General to complete the development and installation of the automated child support enforcement system known as KEIKI.

Upon further consideration and agreement, this measure was amended by appropriating an amount of \$2,100,000.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1613, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1613, S.D. 1, C.D. 1.

Senators Fernandes Salling, Fukunaga, Matsunaga, Anderson.
Managers on the part of the Senate.

Representatives Tom, Say, White, Yamane, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 153 on H.B. No. 1582

The purpose of this bill is to appropriate funds to satisfy claims against the State, its officers, or its employees for payments of judgments or settlements.

Upon further consideration and agreement, this measure was amended by adding more claims which were submitted by the Department of the Attorney General. The total appropriation requested by the Attorney General was \$6,245,812.76.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1582, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1582, H.D. 2, S.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, Fernandes Salling, Fukunaga, Bunda, Anderson.
Managers on the part of the Senate.

Representatives Tom, Say, Lee, White, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 154 on H.B. No. 1188

The purpose of this bill is to appropriate funds for a "Crime Symposium" for government and private organizations involved in crime prevention, crime reduction, or public safety.

Upon further consideration and agreement, this measure has been amended by eliminating the appropriation provision with the understanding that the symposium can go forward provided existing in-state facilities and resources are utilized, and that departmental agencies participating in the symposium bear their own expenses. A volunteer consortium would conduct specific activities while the Department of the Attorney General would host the symposium and report its findings to the Legislature.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1188, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1188, H.D. 1, S.D. 1, C.D. 1.

Senators Matsunaga, Chumbley, Fernandes Salling, Fukunaga, Bunda, Anderson.
Managers on the part of the Senate.

Representatives Tom, Say, Yamane, Yoshinaga, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 155 on H.B. No. 140

The purpose of this bill is to clarify campaign spending and contribution laws in areas related to unlimited loans, noncandidate committees, reporting requirements, qualifying contributions and the use of public funds.

Upon further consideration and agreement, this measure was amended by:

- (1) Deleting a loan from the definition of a contribution;
- (2) Including among the duties of the Campaign Spending Commission (Commission), the rendering of advisory opinion rather than the adoption of advisory opinions;
- (3) Providing that if no advisory opinion is rendered within ninety days after all relevant information has been provided to the Commission, it shall be deemed that the facts and circumstances of the particular case do not constitute a violation of the campaign spending laws;
- (4) Providing that unless amended or revoked, any opinion rendered or deemed rendered by the Commission shall be binding upon it;
- (5) Requiring that county council candidates or their committees to file reports with the Commission by electronic means;
- (6) Permitting two fundraisers to be held for a person prior to an election;
- (7) Limiting loans to a candidate or a candidate's committee, other than loans from the candidate, the candidate's immediate family member, or a financial institution, to \$10,000;
- (8) Providing that if the \$10,000 loan limit is reached, the borrowing of any additional funds is prohibited until the \$10,000 is repaid in full;
- (9) Providing that if a loan, except a loan from a candidate, a candidate's immediate family, or a financial institution, is not repaid within one year of the date the loan was made, the acceptance of further loans is prohibited and requiring that all subsequent contributions and any retained surplus be expended toward the repayment of a loan; and
- (10) Providing that no loan may be accepted or made by a noncandidate committee.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 140, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 140, H.D. 2, S.D. 2, C.D. 1.

Senators Matsunaga, Chumbley, Fernandes Salling, Fukunaga, McCartney, Metcalf, Anderson.
Managers on the part of the Senate.

Representatives Tom, Say, Cachola, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 156 on H.B. No. 1393

The purpose of this bill is to increase the salaries of the supreme court justices, intermediate appellate court judges, circuit court judges, and district court judges.

Upon further consideration and agreement, this measure was amended by appropriating salary increases of four percent for each of fiscal years 1996-1997, 1997-1998, and 1998-1999 for each salary category.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1393, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1393, H.D. 1, S.D. 2, C.D. 1.

Senators Fernandes Salling, Fukunaga, Chumbley, Matsunaga, Anderson.
Managers on the part of the Senate.

Representatives Tom, Say, White, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 157 on H.B. No. 1539

The purpose of this bill is to authorize and appropriate funds for a two-year pilot project on Kauai for a secure residential facility for short-term commitments.

Upon further consideration and agreement, this measure was amended to require prior Family Court approval before the furlough, parole, or discharge of a minor who is committed to the Hawaii Youth Correctional Facility, when prior approval is specifically required by the Family Court in the minor's commitment order.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1539, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1539, S.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, Fernandes Salling, Fukunaga, McCartney, Anderson.
Managers on the part of the Senate.

Representatives Tom, Garcia, Say, Kawakami, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 158 on H.B. No. 1587

The purpose of this bill is to:

- (1) Require renewal of all state identification cards ten years after the date of issuance;
- (2) Expire all state identification certificates on December 31, 1999, unless they have an expiration date; and
- (3) Appropriate funding to purchase a photo identification system to produce the state identification card.

Upon further consideration and agreement, this measure was amended by:

- (1) Establishing a six year expiration date for state identification cards; and
- (2) Appropriating \$325,000 for fiscal year 1997-1998 and \$75,000 for fiscal year 1998-1999.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1587, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1587, H.D. 1, S.D. 2, C.D. 1.

Senators Chumbley, Matsunaga, Fernandes Salling, Fukunaga, Bunda.
Managers on the part of the Senate.

Representatives Tom, Say, Jones, White, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 159 on H.B. No. 472

The purpose of this bill is to authorize the issuance of general obligation bonds and to declare findings that the total amount of principal and interest, estimated for such bonds authorized but unissued and calculated for all bonds issued and outstanding, will not cause the debt limit to be exceeded at the time of issuance.

Article VII, section 13, of the Constitution of the State of Hawaii, requires the legislature to include a declaration of findings in every general law authorizing the issuance of general obligation bonds, which shall declare the issuance of state bonds authorized will not cause the debt limit to be exceeded at the time of issuance.

Your Committee has amended this bill by:

- (1) Inserting the appropriate amounts provided by the Department of Budget and Finance; and
- (2) Making technical, nonsubstantive revisions for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 472, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 472, S.D. 1, C.D. 1.

Senators Fernandes Salling, Fukunaga, Ige, M., Ihara, Iwase, Kawamoto, Tam, Tanaka, Taniguchi, Anderson.
Managers on the part of the Senate.

Senator Levin did not sign the report.

Representatives Say, Nakasone, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 160 on H.B. No. 350

The purpose of this bill is to appropriate operating and capital funds to the executive branch for the 1997-1999 biennium.

OVERVIEW

As Hawaii moves ever closer to the 21st Century, it still remains interdependent on outside resources to provide for its people and economy. By the very nature of its geographic location, Hawaii's economy is directly affected by changes in the economies of the U.S. mainland and Asia. Recent fluctuations in Japan's and California's economies have affected Hawaii's tourism industry--the State's primary economic engine. When coupled with a stagnant construction industry and a weak overall job market, Hawaii's overdependence on a sluggish tourism industry has left the state economically vulnerable.

In light of this overall economic picture, the Council on Revenues has significantly lowered its earlier forecast for general fund tax revenues over the past eight months. The Governor's 1997-1999 biennium budget request was based on the Council's optimistic forecast of September, 1996, which called for general fund tax growth rates of 8.5 percent and 4.5 percent for fiscal year (FY) 1997-1998 and FY 1998-1999 respectively. In December, 1996, the Council lowered these estimates to 7.5 percent and 4.3 percent, resulting in a revenue "shortfall" of \$117,000,000 for the biennium when compared to the September forecast. The House relied on these predictions in crafting its 1997-1999 biennium budget. In its most recent forecast of March, 1997, the Council has further reduced its predictions to 3.7 percent and 2.9 percent, resulting in an additional revenue "shortfall" of \$256,000,000 when compared to the December forecast. The biennium budget proposed by the Senate was based on these March figures.

The Department of Business, Economic Development, and Tourism (DBEDT) also analyzed the Council's March projections and concluded that the Council on Revenues underestimated the revenue growth. DBEDT's evaluation added \$78,300,000 more for the biennium. However, upon careful review, your Committee has relied on the Council's March projections in preparing this biennium budget.

Despite the challenge of dealing with erratic revenue projections during the course of this legislative session, your Committee has accepted the challenge of meeting the many needs of the people of this State. This budget has been prepared to provide services to meet the needs of the public, without raising the state income or general excise tax.

In addition, this budget seeks to invigorate the State's stagnant economy, primarily through increased tourism promotion and accelerated expenditures on capital construction and infrastructure projects. Targeting these key sectors will provide immediate stimulus to bolster the tourism industry and strengthen the job market, especially in the construction industry. To ensure that Hawaii's economy moves toward recovery, your Committee has also provided a package of tax incentives to boost new business opportunities and revitalize existing businesses.

In combination with an economic development package and a responsible capital improvements program, your Committee also continued to streamline government. Your Committee has cut the executive budget by an unprecedented \$293,400,000 for the biennium. Your Committee believes that these reductions will enable government to serve the public more efficiently in the long term.

The following narrative highlights some of the major initiatives advocated by your Committee for the 1997-1999 fiscal biennium.

HIGHLIGHTS OF APPROPRIATIONS FOR FISCAL BIENNIUM 1997-1999

The general fund appropriations authorized in the operating budget consist of \$3,107,800,000 for FY 1997-1998 and \$3,092,500,000 for FY 1998-1999. The general fund appropriation for FY 1997-1998 represents a 1 percent increase over the current fiscal year (\$3,075,169,162). Including other means of financing, the total operating budget consists of \$5,782,300,000 for FY 1997-1998 and \$5,802,900,000 for FY 1998-1999.

Capital improvement funds authorized in this bill consist of \$1,320,215,000 for FY 1997-1998 and \$1,141,316,000 for FY 1998-1999. Of these sums, \$567,898,000 in FY 1997-1998 and \$426,958,000 for FY 1998-1999 would be financed through the issuance of general obligation bonds.

Economic Development

One of your Committee's foremost priorities during the 1997 legislative session was to address ways of strengthening the state economy. Throughout the legislative session, your Committee's time and efforts were consumed by leading our State to a more productive and healthy economic future. The real challenge lay in addressing the immediate and compelling needs of the community in spite of scarce available public resources, while devoting some of the resources to assist those industries that are primary to the stability of our state economy.

Recognizing the fundamental importance of tourism to our economic well-being, your Committee appropriated funds to ensure that the State maintains its reputation as a world-class visitor destination, and, moreover, to ensure that this key generator of jobs and businesses continues to provide a steady stream of revenues into the State. Your Committee also recognized the importance of marketing, promotional, and advertising efforts in helping the State to maintain this economic stronghold by appropriating \$10,000,000 in emergency funds for FY 1996-1997 for tourism marketing covering Japan and the United States. These funds will help to ensure that Hawaii maintains its competitive advantage in the lucrative visitor destination market and stem the predicted downward trend of visitor arrivals to our State in a timely and effective manner. This infusion of funds for tourism will also give the Hawaii Visitors and Convention Bureau (HVCB) greater fiscal and direct marketing flexibility to better promote Hawaii in overseas markets, thereby contributing to increased arrival and visitor spending.

In its attempt to support the mainstay of our economy, your Committee appropriated \$26,000,000 in FY 1997-1998 and \$24,000,000 in FY 1998-1999 for HVCB to strengthen the viability of our tourism industry. In anticipation of the completion and opening of the Convention Center, funds were added to cover the debt service and operating costs of the Center, thereby ensuring that the Center is completed on time and providing improvements in the vicinity of the Center.

In addition, your Committee has approved other measures providing tax incentives to improve the economy. For example, S.B. No. 1951 encourages developing and existing state industries by providing:

- (1) An income tax credit for costs incurred in the production of motion picture or television films in the state;
- (2) An exemption from the general excise tax on amounts received from the servicing and maintenance of aircraft or from the construction of an aircraft service and maintenance facility in the state; and
- (3) A continuation of the general excise tax exemption for stock and commodities exchanges.

Your Committee provided relief to small businesses adversely affected by natural disasters and economic downturns in counties with small populations by allowing them to defer the payment of general excise taxes. H.B. No. 1640 should give them the chance they need to recover from their economic setbacks.

S.B. No. 208 establishes a tax credit for the remodeling of visitor accommodations. Not only would this measure provide jobs in the construction industry, but it seeks to boost the tourism industry by encouraging visitors to stay at more comfortable accommodations.

Another measure mitigates the pyramiding aspect of the current real property leasing situation in Hawaii by reducing the tax burden from 4 percent to 1/2 percent phased over seven years. This reduction will encourage economic activity by making lease arrangements more affordable and puts more resources in taxpayers' pockets who will use those resources to provide economic growth in other areas of the economy.

Your Committee also appropriated funds to support Hawaii's agricultural industry by enabling agricultural research to continue. Your Committee appropriated \$1,000,000 for FY 1997-1998 for agricultural research and development to be performed by the Hawaii Agriculture Research Center. This appropriation will help boost commercial production of various diversified agricultural products, such as coffee, papaya, sugarcane, and tree crops for forestry.

Funds were also appropriated for the Agribusiness Development Corporation, which plays a fundamental role in diversifying the State's agriculture sector and providing a stable source of income and jobs in the community. Agriculture was also supported through other legislative actions, such as through the creation of a program to help individuals make the transition from unemployment and welfare back to work through agricultural work opportunities.

Your Committee also appropriated \$800,000 for the development of facilities needed to implement a shorter quarantine requirement for animals imported into the State, while taking steps to ensure that the health, safety, and well-being of the community at-large are not compromised. Funds were also provided for additional personnel and support to aid in the fight against two harmful pests--the brown tree snake and the banana bunchy top virus--which have been highly detrimental to our environment and to Hawaii's agriculture industry. These funds will be used to assist Department of Agriculture in eradicating the banana bunchy top virus before it spreads to commercial crops in Hilo. Funds were also appropriated to increase inspector positions to protect Hawaii's environment against the threat of brown tree snakes into the State. Five positions and funding were added for the Plant Pest and Disease Control Program under the Department of Agriculture for inspector positions.

Aware that the slow-growth path of the economy inhibited the State from addressing a wider array of community problems, your Committee devoted its efforts to further economic diversification, support economic ventures, and provide economic stability. Your Committee accomplished this by facilitating efforts to support regulatory relief to small businesses through the ongoing efforts of the Blue Ribbon Task Force on Small Business. Your Committee also took action to improve the economic health of the State by expediting and facilitating the approval process within each state agency for county building permit applications requiring state agency approval. Recognizing the need for our economy to be more broad-based, your Committee responsibly allocated public funds while continuing to seek economic growth through diversification in high technology, research and development, agriculture, and other areas of investment. To promote venture capitalism in Hawaii, your Committee provided funds for the Hawaii Strategic Development Corporation.

In summary, your Committee embarked on a financially disciplined, responsible, and pragmatic approach to invigorate our state economy by diversifying and expanding Hawaii's economic base. This was done through job creation and business support efforts, while ensuring the stability of our primary industries.

Transportation

The fitness and quality of Hawaii's transportation infrastructure plays a crucial role in sustaining the State's economy. Increases in this budget include funds for the opening of the new H-3 freeway in 1997 and various other departmental needs such as motor vehicle purchases, additional safety equipment, computer upgrades, and various repair and maintenance projects. These increases will ensure the safety of the driving public, as well as increase the capacity of Hawaii's surface transportation infrastructure.

Along with expenditures set aside for highway capital improvements, S.B. No. 1618 establishes a Transportation Improvement Special Fund that creates a mechanism enabling the Department of Transportation to work in partnership with developers to advance the construction of needed highway improvements.

In keeping with its commitment to expand tourism, your Committee approved several key expenditures of federal funds, special funds, revenue bond funds, and reimbursable general obligation bond funds for various transportation projects statewide. Your Committee authorized the expenditure of funds for improvements and expansions at airport facilities throughout the state. These

improvements are intended to increase airport security and airline safety as well as to make these facilities more pleasant and convenient for visitors and residents.

In addition, your Committee increased the efficiency of the operations in harbors throughout the State by authorizing the expenditure of moneys for harbor improvements.

Environmental Protection

Hawaii's natural resources are one of the most valuable assets that Hawaii has to offer to its residents and visitors alike. Funds authorized by your Committee to protect and strengthen the natural environment include moneys to support the Department of Land and Natural Resources Resource Recovery Initiative, which is designed to enhance and protect our State's ocean and land resources.

Even in these tough fiscal times, your Committee is aware that it is essential that we protect our natural environment. To this extent your Committee has provided funds to establish monitor wells on Hawaii, Maui, and Oahu in order to provide data on maintaining sustainable yields from Hawaii's aquifers without degrading their integrity.

Your Committee has also provided funds to develop a new Kawai Nui Marsh Wildlife Sanctuary in the heart of Kailua, Oahu.

Education

Your Committee continues to afford public education the highest of all priorities. Funding has been increased in certain critical areas. However, in the face of the State's severe fiscal condition, your Committee reluctantly made reductions, but in ways that minimize the effect on classroom instruction.

More than \$30,000,000 has been authorized for various capital improvement projects, including new schools: Kauai Intermediate, Mililani Intermediate, Kapolei Intermediate, Keaau High, Kealahou High, King Kekaulike High, and Konawaena Elementary Schools. In addition, over \$40,000,000 has been authorized for various improvements to school buildings.

Due to the projected enrollment increases for regular and special education, more than \$12,600,000 has been authorized for equipment and personnel, including administrators, counselors, custodians, and food service workers, to enable five new schools to open during the biennium. These schools are Kealahou High, Mililani Intermediate, Kapaa Intermediate, Keaau II Elementary, and Waikele Elementary Schools.

The Department of Education has authorized funding and positions to comply with the requirements of the Felix v. Cayetano consent decree to identify and correct the mental health problems of students before they become severe and expensive to treat. In addition, care coordination services at the secondary level will be implemented to ensure that students will benefit from a seamless system of educational and health services. Additional counselors will be hired to address the unique needs of at-risk students, and educational assistants will be hired for special education. These personnel and services are necessary parts of the Comprehensive Student Support System (CSSS), which is designed to address all aspects of student mental health, including counseling, diagnostic services, prevention, and family support. In this regard, the Department of Education and the Department of Health will work collaboratively to implement CSSS.

Additional resources have been provided to give more discretion in budgeting to individual schools with an increase of \$2,000,000 over the biennium to the elementary and secondary fund of the School Priority Fund. These additional funds will allow individual schools greater flexibility to purchase equipment and supplies or to retain temporary personnel to address areas of particular concern to the schools.

Beginning July 1, 1997, the Department of Education will assume complete responsibility for administering a workers' compensation program for all of its 17,000 employees and more than 20,000 casual hires. To allow the Department of Education to fulfill its legal obligation to pay such claims, yet create incentives to reduce the trend of increasing workers' compensation costs, budget requests for the program will be funded at 90 percent and 70 percent levels for FY 1997-1998 and FY 1998-1999, respectively.

As another cost-cutting measure, your Committee made the difficult decision to eliminate the After School Instruction Program. The rationale for this reduction is that this program is not critical to classroom instruction. However, if it is determined that the service provided by this program is necessary, individual schools are allowed the flexibility to expend funds to duplicate this program.

Addressing the capital improvement needs of Hawaii's public libraries, funds have been authorized for new facilities for the communities of North Shore Kauai, Kapolei, Kahala, and Manoa.

Higher Education

The University of Hawaii (University) is the only public postsecondary institution in the state. In this age in which information is becoming increasingly important in a global economy, the University stands as the foundation for future economic development and prosperity for Hawaii.

The library is the heart of any institution of higher education since it is used by students and faculty alike in all academic disciplines. The sum of \$36,902,000 has been authorized for the renovation and expansion of Hamilton Library at the flagship Manoa campus of the University.

An authorization of \$17,200,000 has been made for a new classroom/office building at the University of Hawaii at Hilo. Additional campus development funds have been provided to modernize and upgrade the community college facilities at Maui, Windward, and Kauai Community Colleges.

To promote educational choices for UH-Hilo, your Committee has provided UH-Hilo with the opportunity to establish a tropical forestry specialization program in the college of agriculture and several new degree granting programs, specifically a master's in education, a bachelor of science in active volcano technology, and a bachelor of science in marine science. It is not the intent of your

Committee to mandate the establishment of these programs but to give UH-Hilo the flexibility to decide whether these programs should be established.

The program areas of UOH 100, UOH 210, and UOH 800 were granted ceiling increases for the Tuition and Fees Special fund pursuant to Act 161, Session Laws of Hawaii (SLH) 1995, to grant increased flexibility to the University. In addition, UOH 100 and UOH 900 were granted additional funds to generate revenues for the University and the State.

The program structure of the community colleges has been reorganized to allow for more flexibility in the administration and fiscal allocations among the community colleges. The community colleges and UOH 906 (Community College System-Wide Support) will be combined under one program ID, UOH 800 (University of Hawaii Community Colleges). Each Community College and the System-Wide Support will still retain its own sub-organizational code to ensure that each campus's identity is not lost under the new program ID.

In UOH 100 (University of Hawaii-Manoa), \$4,000,000 was added to the Research and Training Revolving Fund pursuant to Act 237, SLH 1996. Furthermore, \$400,000 in general funds was added to address the problems of teacher shortages in the public schools on the Neighbor Islands and rural Oahu, such as special education, math and science, Hawaiian language immersion, and vocational education.

Responding to the need to improve access to quality education throughout the state, positions and funds were added. To address the growing demand for postsecondary education on the west side of the Big Island, nine positions and \$925,319 were transferred from UOH 210 (University of Hawaii-Hilo) to UOH 800 (University of Hawaii Community Colleges). Furthermore in UOH 800, two positions and \$75,000 were added for the University Center on Maui, and two positions and \$100,000 were added for the University Center on Kauai.

In UOH 900 (University of Hawaii--Systemwide Support), \$1,000,000 was added to the Discoveries and Inventions Revolving Fund for Student Information Systems. In addition, funds were transferred for unemployment insurance claims from the Department of Labor and Industrial Relations, and funds for workers' compensation costs from the Department of Human Resources to ensure accountability by the University in these areas.

Health

The appropriations authorized by your Committee in the area of health will ensure the quality of care and improve the scope of services to meet the public health needs of this state.

One major area that concerns your Committee is the Hawaii Health Systems Corporation (Corporation). Due to the lack of leadership and management, the inability to account for funds, and questions regarding the allocation of funds, your Committee has requested the Legislative Auditor to conduct a study on the Corporation. However, because your Committee believes that the corporation can become efficient and able to generate revenues, \$8,000,000 has been appropriated for FY 1998-1999. This will help to ensure that the Corporation retains its current level of services to the public.

As a result of improving the system of care within the Child and Adolescent Mental Health Division and the Hawaii State Hospital, the moneys appropriated reflect the state's priority in facilitating change and improving needed services for our mental health population. Over \$4,000,000 in each fiscal year of the fiscal biennium is being provided to comply with a United States Department of Justice (DOJ) mandate, which orders the discharge of patients from the Hawaii State Hospital and enhancement of community-based services. As a part of the DOJ mandate, funding for a new MIS system has also been appropriated.

As the state moves toward an integrated system of care for children and adolescents with mental health disabilities, your Committee has appropriated \$11,234,286 for FY 1997-1998 and \$10,849,033 for FY 1998-1999 to comply with the *Felix vs. Cayetano* Consent Decree. Because there are many children and adolescents who are being provided treatment in mainland based institutions at state cost, your Committee has also appropriated \$3,886,000 for residential children's facilities throughout the State for children and adolescents with severe mental disabilities. Your Committee understands that this consent decree remains one of the nation's largest of this kind. Accordingly, budgetary measures have been taken to improve the current quality of services.

Sensitive to the needs of our aging population, your Committee has allowed the transfer of the Executive Office on Aging from the Department of Human Services to the Department of Health. Regarding ambulance services, due to the isolated nature of Hana, Maui from any existing ambulance sight, your Committee has appropriated \$325,128 to the Emergency Medical Services Division for a Hana ambulance.

Human Services

The Federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Federal Welfare Reform Act) has had a significant impact of federal funding for human services programs in the State. The Aid to Families with Dependent Children (AFDC) program was replaced with the Temporary Assistance to Needy Families (TANF) program. The Temporary Assistance to Other Needy Families (TAONF) program has also been established to provide assistance for two adult families who cannot meet the work requirements.

One of the most profound changes brought about by the new law is the new federal block grant system that replaces the old system of entitlements and imposes strict work requirements and time limits on eligibility upon qualified recipients. The new law blocks the State's level of funding at fiscal 1993-1994 levels. In spite of these obstacles, your Committee has provided necessary funding for the TANF and TAONF programs.

Despite the current fiscal climate, your Committee recognizes the need to protect individuals in need of basic human services. For example, your Committee has provided for legal aliens, who are barred from receiving federal assistance, in TAONF, the Payments to Assist the Aged, Blind, and Disabled (AABD), and General Assistance (GA) programs. At the same time, your Committee has removed the 24-month time limit in the GA payments program.

Based on the recommendations to restructure departmental organization, public assistance programs will be consolidated with employment and child care programs in response to the Federal Welfare Reform Act. In addition, social services programs and community long-term programs will be combined into a new Social Services Division to provide the focus and attention needed to deliver child welfare and adult services efficiently and effectively.

Your Committee authorized funding for the implementation of phase II of the QUEST program which will begin in FY 1997-1998. The Department anticipates the placement of approximately 10,500 Medicaid Aged, Blind, and Disabled program participants into managed care. The objectives of enrolling these individuals in managed care include improving overall care and reducing costs for the State. As the costs of these programs are commingled under a single program identification number, your Committee encountered difficulties in identifying QUEST and Medicaid costs. To resolve the confusion over program costs, your Committee created a new program: QUEST Health Care Payments (HMS 245), to clearly identify QUEST costs.

Within the limits imposed by available resources, your Committee increased funding by \$4,900,000 for FY 1997-1998 and \$6,300,000 for FY 1998-1999 for the expansion of home and community-based services for the elderly as an alternative to more costly institutionalized care.

Public Safety

Your Committee is cognizant of the serious prison overcrowding situation and has taken steps to not only ensure that our current needs for high, medium, and low security beds are met, but that the future demands on our already overburdened prison system will be taken into account. Implementation of federal truth-in-sentencing requirements along with our own "get tough on crime" policy will surely create a major impact on our future prison populations.

To address our immediate needs and future concerns, your Committee has appropriated funds to expand the number of prison beds by providing 75 percent funding for:

- (1) 150-bed expansion at the Halawa correctional facility;
- (2) 200-bed expansion and renovation at the Waiawa Correctional Facility;
- (3) 280-bed expansion at the Oahu Community Correctional Center, and;
- (4) 84-bed dormitory at the Women's Community Correctional Center.

Your Committee has also provided nearly \$2,000,000 in program services for the KASHBOX program at Waiawa and has provided an additional \$15,000,000 to transfer approximately 600 inmates to mainland United States facilities in 1998 and 1999.

In an attempt to help defray the costs of construction of additional facilities, your Committee has reduced over \$650,000 in vacant positions within the Department of Public Safety.

Government-Wide Support

Meeting the operating needs of the State presented many challenges to your Committee over the past several years. Your Committee sought to meet a balance allocating declining revenues while trying to best meet the needs of Hawaii's people.

Last year's approval of a state payroll lag system in Act 80, SLH 1996, was an attempt by the Legislature to make the State's payroll system both less costly and more manageable. By converting the State's employee payroll system from an advanced disbursement to an after-the-fact payment system, the Legislature hoped to realize significant cost savings for the State.

However, claims that the proposal requires negotiation under the bargaining process have been set forth by several employee unions and the Hawaii Labor Relations Board. In consideration of the concerns raised and the need for this revenue-generating mechanism, your Committee approved S.B. No. 1421 to implement the conversion of the predicted payroll to the after-the-fact payroll beginning FY 1998-1999.

Another item approved by your Committee that promises to result in significant savings to the State is S.B. No. 257, which proposes to reduce the volatility of fluctuating employer contributions to the pension accumulation fund of the Employees' Retirement System.

Various expenditure authorizations were made for infrastructure development, including \$36,000,000 for the Kakaako Makai District and \$3,000,000 for each of the neighbor island counties for the development of water, sewage, and other projects.

In consideration of the State's obligation to the Hawaiian home lands trust fund pursuant to Act 14, Special Session of Hawaii 1995, your Committee doubled the State's \$30,000,000 annual settlement payment for FY 1997-1998. In the long run, cost savings will result to the State from lower future interest payments, while expediting the development of Hawaiian home lands for the use of native Hawaiians.

To encourage the development of lower-income housing to meet the housing needs of the State, \$20,000,000 was authorized for the Rental Housing Trust Fund. This should facilitate the creation of more opportunities to obtain private, county, or federal participation in the financing of lower-income housing.

One particularly urgent expenditure item approved by your Committee in the area of government-wide support is the funding to prepare the State's computer systems for the year 2000. Computer information systems throughout the world rely on date calculations, chronological listings, and future milestone dates. Unfortunately, many computer systems of the State were not designed to carry date fields that adjust to the year 2000. For example, computer files typically store the year 1997 as "97". Under such a system, the year 2000 will be stored as "00" or misinterpreted as "1900". If adjustments are not instituted by the year 2000, screens, lists, reports, files,

records, and other data that rely on dates will be out of order resulting in erroneous calculations. Your Committee has approved funds to address this problem in a timely manner.

EMERGENCY APPROPRIATIONS FOR FY 1996-1997

In addition to providing for the State's future needs, your Committee also had the difficult challenge of providing emergency funding for this current fiscal year. Your Committee approved several measures making emergency appropriations to address shortfalls in the current fiscal year.

S.B. No. 1548, enacted into law as Act 10, SLH 1997, appropriates \$54,745,844 to the Department of Human Services to meet the financial obligations of the Medicaid Fee-For-Service and QUEST programs for the current fiscal year. Approximately \$54,000,000 will be used to address the larger than expected enrollment in these programs. The remaining funds will be used to provide wraparound payments to Hawaii qualified health centers.

H.B. No. 1839, enacted into law as Act 29, SLH 1997, appropriates \$9,218,665 for the Department of Health to ensure full compliance with the court-ordered requirements of the Felix vs. Cayetano Consent Decree. The Felix consent decree requires the Department to provide a comprehensive array of residential and outpatient services to children and adolescents with mental health needs. Problems in forecasting the actual number of children and adolescents requiring services under the consent decree over the previous fiscal year resulted in the shortfall for the current fiscal year. The Department has since improved its ability to forecast the resources needed to ensure compliance with the consent decree.

H.B. No. 1840 provides an emergency appropriation of approximately \$12,000,000 to the Hawaii Health Systems Corporation to meet revenue shortfalls caused by high fixed overhead costs within the hospital system. The emergency allocation will provide the Corporation with additional assistance in making the transition toward self-sufficiency.

S.B. No. 1433, enacted into law as Act 3, SLH 1997, appropriates \$10,000,000 for tourism marketing covering Japan and the United States. This promotion is intended to address two disturbing concerns: the emerging downward trend in the Japanese visitor market as well as a prediction of little or no growth in arrivals from the United States.

CONCLUSION

Faced with diminishing tax revenues, and ever increasing budget demands, your Committee carefully scrutinized the executive budget for fiscal biennium 1997-1999. The budget has been developed to ensure the continued provision of needed services, such as education, infrastructure development, and general assistance, while taking steps to improve the State's economy. Your Committee believes that this budget, coupled with other measures, will help move Hawaii's economy forward. In so doing, the quality of life of Hawaii's people will also be improved substantially.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 350, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 350, H.D. 1, S.D. 1, C.D. 1.

Senators Fernandes Salling, Fukunaga, Ige, M., Ihara, Iwase, Kawamoto, Tam, Tanaka, Taniguchi, Anderson.
Managers on the part of the Senate.

Senator Levin did not sign the report.

Representatives Say, Abinsay, Ahu Isa, Chang, Goodenow, Hamakawa, Ito, Kahikina, Kanoho, Kawakami, Nakasone, Suzuki, White, Fox, Marumoto, Meyer, Ward.
Managers on the part of the House.

Conf. Com. Rep. No. 161 on H.B. No. 1390

The purpose of this bill is to provide the necessary appropriations and authorizations for the operation of and capital improvements for the Judiciary Branch for the 1997-1999 fiscal biennium.

Your Committee finds that the appropriations in this biennium budget address some of the Judiciary's most urgent needs. For the most part, this measure reflects the Judiciary's budgetary recommendations. However, in light of the current fiscal situation, your Committee was unable to provide the funding requested by the Judiciary in its entirety.

Your Committee would like to highlight three areas within the scope of funding for the Judiciary:

- (1) The Hawaii Drug Court Program;
- (2) Purchases of services for domestic violence; and
- (3) Repair and maintenance of Judiciary facilities.

Hawaii Drug Court Program

In 1995, the Hawaii Drug Court Program (Program) was established on a temporary basis to address the growing drug offender problem. The Program offers a viable alternative to incarceration and provides enhanced treatment options.

Currently, the Program is funded with state moneys appropriated under Act 25, Special Session Laws of Hawaii 1995, and federal grants from the Bureau of Justice Assistance of the United States Department of Justice. Act 25 funded and authorized the establishment of the Program and seven temporary positions.

At the same time, the federal grants were used to establish six additional temporary positions to provide the necessary staffing to operate the Program at its intended service levels. Unfortunately, these federal grants will expire in June, 1997. At that time, additional state funding, totalling approximately twenty-four percent of the Program's costs, will be needed to continue operations at current service levels.

During its two years of existence, the Program has proven to be an effective and cost-efficient means of dealing with nonviolent drug offenders. For this reason, your Committee has provided the funds necessary to make the Program permanent.

Purchases of Service

To address the continual increase in domestic violence abuse cases, your Committee has authorized additional funding of \$1,301,750 for fiscal year 1997-1998 and \$983,000 for fiscal year 1998-1999 for family courts to provide purchases of services to all parties affected by domestic violence. These additional funds will also support the Domestic Violence Drop-in Center and the Domestic Violence Legal Hotline.

Repair and Maintenance

Your Committee finds that certain Judiciary facilities suffer from interior and structural deterioration. This has led to increased concerns for the safety and welfare of users of these facilities. To address these concerns, the additional sum of \$1,371,000 for fiscal year 1997-1998 has been included in the Judiciary capital improvement project budget for major repair and maintenance projects.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1390, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1390, H.D. 1, S.D. 2, C.D. 1.

Senators Fernandes Salling, Fukunaga, Ige, M., Ihara, Iwase, Kawamoto, Levin, Tam, Tanaka, Taniguchi, Anderson.
Managers on the part of the Senate.

Representatives Say, Abinsay, Ahu Isa, Chang, Goodenow, Hamakawa, Ito, Kahikina, Kanoho, Kawakami, Nakasone, Suzuki, White, Fox, Marumoto, Meyer, Ward.
Managers on the part of the House.

Conf. Com. Rep. No. 162 on H.B. No. 2060

The purpose of this bill is to provide the necessary appropriations and authorizations for the operation of the Office of Hawaiian Affairs (OHA) for the 1997-1999 fiscal biennium.

Your Committee has carefully considered the budget requests submitted by OHA and has sought to ensure that critical programs are maintained. However, due to the State's current fiscal situation, your Committee has adopted a conservative approach based on the March 1997 projections of the Council of Revenues and believes that the proposed biennium funding will enable OHA to meet its program objectives.

Your Committee has amended this measure by:

- (1) Maintaining the same level of general fund appropriation for the fiscal year 1997-1998;
- (2) Reducing the general fund appropriation by \$61,699 for the 1998-1999 fiscal year to address the current fiscal situation; and
- (3) Authorizing an increase in trust fund appropriations to meet the needs of OHA.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2060, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2060, H.D. 1, S.D. 1, C.D. 1.

Senators Fernandes Salling, Fukunaga, Ige, M., Ihara, Iwase, Kawamoto, Levin, Tam, Tanaka, Taniguchi, Anderson.
Managers on the part of the Senate.

Representatives Say, Abinsay, Ahu Isa, Chang, Goodenow, Hamakawa, Ito, Kahikina, Kanoho, Kawakami, Nakasone, Suzuki, White, Fox, Marumoto, Meyer, Ward.
Managers on the part of the House.

Conf. Com. Rep. No. 163 on H.B. No. 2019

The purpose of this bill is to:

- (1) Amend the definition of "inert fill material" to:
 - (A) Exclude material that is more than eight inches in diameter or that contains exposed steel reinforcing rods; and
 - (B) Exclude material that contains any vegetative or organic matter, or other solid waste;
- (2) Amend the definition of "solid waste" to exclude "inert fill material";
- (3) Appropriate \$100,000 out of the Environmental Management Special Fund to review, revise, and update the State Integrated Solid Waste Management Plan; and
- (4) Amend the provisions relating to the advance disposal fee for glass containers by:

- (A) Extending the period of applicability of the one and one-half cent advance disposal fee currently imposed on each tempered glass container imported into the State until December 31, 1997 (instead of September 1, 1996); and
- (B) Raising the advance disposal fee to two cents per glass container effective January 1, 1998.

Your Committee on Conference has amended this bill by:

- (1) Deleting the provisions relating to:
 - (A) The definitions of "inert fill material" and "solid waste"; and
 - (B) The advance disposal fee for glass containers;
 and
- (2) Inserting a purpose section relating to the need to revise the State Integrated Solid Waste Management Plan.

In the event that other measures also appropriate moneys to update the State Integrated Solid Waste Management Plan, it is the Legislature's intent that total appropriations not exceed \$100,000 for this purpose.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2019, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2019, H.D. 1, S.D. 2, C.D. 1.

Senators Levin, Metcalf, Fukunaga, Tam, Slom.
Managers on the part of the Senate.

Representatives Yoshinaga, Say, Goodenow, Hamakawa, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 164 on H.B. No. 1292

The purpose of this bill is to provide private landowners with incentives to promote the conservation and recovery of threatened and endangered species and their habitats.

It is the intent of your Committee that the Department of Land and Natural Resources establish and maintain a public relations program to ensure good rapport between staff and private landowners concerning the monitoring and enforcement of habitat conservation plans, safe harbor agreements, and incidental take licenses.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1292, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1292, H.D. 1, S.D. 1, C.D. 1.

Senators Levin, Metcalf, Chun Oakland, Slom.
Managers on the part of the Senate.

Representatives Yoshinaga, Kanoho, Goodenow, Tarnas, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 165 on H.B. No. 1837

The purpose of this bill is to create a mechanism for funding the activities of local emergency planning committees that develop emergency response plans to respond to hazardous material incidents that may occur in their districts pursuant to the Hawaii Emergency Planning and Community Right-to-Know Act.

Specifically, this bill:

- (1) Requires moneys in the environmental response revolving fund to be expended by the Department of Health for preparedness, in addition to response actions;
- (2) Requires the Department of Health to establish a local emergency response planning committees account within the environmental response revolving fund;
- (3) Requires all moneys to meet the expenses of the emergency planning and community right-to-know program to be appropriated out of the environmental response revolving fund;
- (4) Requires all filing fees submitted with chemical inventory forms or Tier II reporting forms to be deposited into the environmental response revolving fund, rather than the state general fund.

Your Committee on Conference has amended this bill by substituting the H.D. 2 draft. Specifically, this bill is amended by:

- (1) Adding the word "also" in section 2 of the bill amending section 128D-2(b)(1), Hawaii Revised Statutes, on page 2, line 19;
- (2) Inserting in section 3 of the bill that amends section 128E-8(b), Hawaii Revised Statutes, the provision that all moneys to meet the expenses of the emergency planning and community right-to-know program are to be appropriated out of the state general fund in addition to the environmental response revolving fund;

- (3) Inserting in the same section the provision that the appropriations from the environmental response revolving fund shall not exceed the amount of moneys collected from the filing fees assessed in section 128E-9, Hawaii Revised Statutes upon submission of chemical inventory (Tier II) forms;
- (4) Adding a new section amending section 128D-4, Hawaii Revised Statutes, to add a new subsection (e) that allows the Governor to raise the legislative ceiling established in the environmental response revolving fund if the governor determines that sufficient funds do not exist within the ceiling to conduct emergency response actions; and
- (5) Making an appropriation of \$500,000 in fiscal year 1997-1998 out of the revenues of the environmental response revolving fund for the purpose of conducting non-oil response actions consistent with the Environmental Response Law, to be expended by the Department of Health.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1837, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1837, H.D. 2, S.D. 2, C.D. 1.

Senators Levin, Metcalf, Tam.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Yoshinaga, Kanoho, Meyer.
Managers on the part of the House.

Representatives Garcia and Hamakawa did not sign the report.

Conf. Com. Rep. No. 166 on H.B. No. 1243

The purpose of this bill is to authorize the department of health to establish toxicologist positions and an air quality modeler positions, and to authorize funding for those positions through the environmental response revolving fund and the clean air special fund, respectively.

Your Committee finds that the department of health is moving toward the adoption of risk-based environmental management strategy, and away from rigid technical standards. The department needs to have professional staff, specifically toxicologists and air quality modelers, capable of assessing airborne chemical threats to the environment to adequately monitor the dispersion of air releases and to evaluate their impact on human populations.

Your Committee has amended this bill by providing for the funding of one toxicologist and one air quality modeler. Your committee has also amended this bill by establishing an advisory task force within the department of health for administrative purposes to conduct an assessment of air quality at Campbell Industrial Park and Kahe Valley on Oahu and to determine the air quality impacts of emissions sources in these locations. The task force may collaborate with a private entity to use its best efforts to raise funds for independent consultants to assist in the assessment.

The consultant shall consult with the department's toxicologists and air quality modelers to prepare a report on air quality, the capacity of the Campbell facility to accommodate the expansion of present facilities and the addition of new ones, and to consider alternatives. That report shall be submitted to the task force and the department, and the task force shall submit an interim progress report to the legislature for the 1998 session and a final report to the 1999 session.

Your Committee has also amended this bill by requiring every owner or operator of a major source within Campbell Industrial Park or Kahe Valley, and every operator or owner of a geothermal facility, to submit an annual report to the department on the type and quantity of criteria pollutants emitted by the facility and a description of the controls and other measures being used to control emissions. The department shall review and evaluate these reports and issue its own report with a summary of ambient air quality data for each pollutant, a comparison against state and federal standards, impacts of the pollutants' adverse effects on human health and the environment, and a report on the five year trends. These monthly reports will be distributed to the adjacent neighborhood boards and community associations.

Your Committee has further amended this bill by requiring the department to review reports submitted by the specified owners and operators of their unpermitted releases to determine whether such releases may have an adverse impact on human health. The department shall notify the adjacent neighborhood boards and community associations of these unpermitted releases that may have such an adverse impact as soon as circumstances warrant. Your Committee has specifically required that this notification be in plain language, as your Committee is concerned that technical reports will not be readily understood by the public. The plain language requirement will ensure that the notice will be comprehensible and understood.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1243, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1243, H.D. 1, S.D. 1, C.D. 1.

Senators Levin, Metcalf.
Managers on the part of the Senate.

Senator Tam did not sign the report.

Representatives Yoshinaga, Kanoho, Meyer.
Managers on the part of the House.

Representatives Goodenow and Hamakawa did not sign the report.

Conf. Com. Rep. No. 167 on H.B. No. 1798

NOTE: Only a signature page was submitted for this Conference Committee Report.

Senators Fernandes Salling, Fukunaga, Bunda, Chun Oakland, Ige, M., Kanno.
Managers on the part of the Senate.

Representatives Yonamine, Say, Case, Nakasone, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 168 on S.C.R. No. 171

The purpose of this concurrent resolution as received is to request the Auditor to conduct a financial and management audit of the Hawaii State Library System.

Your Committee has amended this concurrent resolution to add a BE IT FURTHER RESOLVED clause that the Auditor visit the libraries and communicate with the librarians in gathering information for the audit.

Your Committee on Conference is in accord with the intent and purpose of S.C.R. No. 171, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.C.R. No. 171, S.D. 1, H.D. 1, C.D. 1.

Senators Tam, Aki, Ige, M., Slom.
Managers on the part of the Senate.

Senator Fernandes Salling did not sign the report.

Representatives Stegmaier, Morita, Santiago, Moses.
Managers on the part of the House.

Conf. Com. Rep. No. 169 on S.C.R. No. 182

The purposes of this concurrent resolution are:

- (1) To urge the Board of Education (BOE) to adopt an educational bill of rights for deaf, hard-of-hearing, and deaf-blind children that includes the list of rights set out in the resolution;
- (2) Request that the BOE review and consider the educational bill of rights when making decisions on deaf, hard-of-hearing, and deaf-blind children's education; and
- (3) Request that the BOE submit a report on the status of the actions taken to address this issue to the Legislature twenty days prior to the convening of the 1998 Regular Session.

Your Committee on Conference amended this concurrent resolution by:

- (1) Stating that the list set out in the resolution be included among those rights referred to as the educational bill of rights for deaf, hard-of-hearing, and deaf-blind children; and
- (2) Replacing the paragraph urging the BOE to adopt an educational bill of rights for the deaf, hard-of-hearing, and deaf-blind children with a paragraph urging the BOE to review its policy for working with Hawaii's deaf, hard-of-hearing, and deaf-blind community members.

Your Committee on Conference is in accord with the intent and purpose of S.C.R. No. 182, S.D. 1, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 182, S.D. 1, H.D. 1, C.D. 1.

Senators Tam, Aki, Ige, M., Slom.
Managers on the part of the Senate.

Senator Fernandes Salling did not sign the report.

Representatives Stegmaier, Morita, Morihara, McDermott.
Managers on the part of the House.

Conf. Com. Rep. No. 170 on S.C.R. No. 270

The purpose of this concurrent resolution is to request the Auditor to conduct a management and financial audit to determine the effectiveness of recent decentralization efforts of the Department of Education.

Your Committee agrees with the general intent of the measure, which is to audit the decentralization efforts of the Department of Education. However, your Committee believes that the audit should encompass more than just decentralization efforts. In recent years, the Legislature has passed various pieces of legislation designed to decentralize Hawaii's public school system and increase the educational effectiveness of the Department of Education.

Upon further consideration, your Committee has amended the measure to reflect this broader focus by incorporating language that would assist the Department of Education in determining how to:

- (1) Determine the effectiveness of the lumpsum budget approach in school/community-based management schools; and

- (2) Utilize the concept of planning programming budgeting within its lumpsum budget planning.

Your Committee has also inserted language that requests the Auditor to make recommendations on furthering the school/community-based management system and amended the title of the measure to reflect its broader scope.

Your Committee on Conference is in accord with the intent and purpose of S.C.R. No. 270, S.D. 1, H.D. 1, as amended herein, and recommends that it be adopted in the form attached hereto as S.C.R. No. 270, S.D. 1, H.D. 1, C.D. 1.

Senators Tam, Aki, Ige, M.
Managers on the part of the Senate.

Senators Fernandes Salling and Metcalf did not sign the report.

Representatives Stegmaier, Morita, Tarnas, Moses.
Managers on the part of the House.

Conf. Com. Rep. No. 171 on H.B. No. 100

The purpose of this bill is to reduce no-fault insurance premiums and to preserve adequate protection of the rights of drivers.

This bill renames "no-fault benefits" to "personal injury protection benefits" and "no-fault policy" to "motor vehicle insurance policy."

Your Committee has carefully considered a return to a liability system that predated the no-fault system in Hawaii. The purpose of a liability system is to protect the rights of injured drivers and to hold negligent drivers accountable. However, your Committee finds that a liability system has potential drawbacks in that it promotes litigation, raises costs, and delays compensation. Yet liability systems have advantages of simplicity, accountability, and lower premium costs due to the absence of first-party coverage and resulting administrative costs.

Similarly, no-fault systems have their advantages and disadvantages. No-fault systems strive to compensate for economic damages more quickly on a first-pay basis. Yet, medical and wage loss benefits often duplicate other health and disability insurance.

Your Committee desires to maintain a system of immediate compensation through personal injury protection benefits without regard to fault, similar to the workers' compensation system, while maintaining tort liability to compensate accident victims above what they are compensated for by personal injury protection benefits. In this manner, persons with serious and permanent injuries are protected and negligent drivers pay for causing those injuries. Such a system necessarily must weed out the lesser injuries, such as soft-tissue and whiplash, in order to achieve its objectives.

Your Committee agreed that reform of Hawaii's automobile insurance system must:

- (1) Reduce premium rates;
- (2) Avoid cost shifting to employers for personal injury protection benefits;
- (3) Adequately compensate victims of automobile accidents;
- (4) Protect the rights of seriously injured drivers;
- (5) Hold negligent and reckless drivers accountable for damages caused by them;
- (6) Deliver generous and immediate medical benefits without regard to fault; and
- (7) Create a fair and equitable system which meets the needs of all parties concerned, including drivers, insurers, and attorneys.

Your Committee has crafted a measure that achieves these goals while at the same time balancing the interests of all concerned with motor vehicle insurance. Your Committee believes that this conference draft combines the beneficial aspects of both the House and Senate proposals and lowers insurance premium rates.

With respect to tort liability, your Committee has retained the current law allowing tort liability for death, significant permanent loss of use of a part or function of the body, and permanent and serious disfigurements. However, the requirement that personal injury protection benefits be exhausted before a lawsuit is permitted has been replaced with a provision allowing lawsuits where the personal injury protection benefits incurred equal or exceed \$5,000. Your Committee has deleted the medical-rehabilitative limit, which your Committee finds is an unnecessary cost driver in the system. Your Committee has also discouraged small claims and lawsuits by providing for a covered loss deductible. Every award is to be reduced by at least \$5,000 or the amount of personal injury protection benefits incurred, whichever is greater. For example, a \$9,000 recovery that includes covered personal injury protection benefits of \$7,200 and \$1,800 for pain and suffering, will result in an award of \$1,800. If \$10,000 or more of personal injury protection benefits are incurred, the award will be reduced by \$10,000.

In summary, as amended, H.B. No. 100, H.D. 1, S.D. 1, does the following:

- (1) Retains tort liability for:
 - (A) Death;
 - (B) Significant permanent loss of use of a part or function of the body; and

- (C) Permanent and serious disfigurement resulting in mental or emotional suffering (§431:10C-306);
- (2) Deletes the medical-rehabilitative limit (§431:10C-308) and peer review (§431:10C-308.6) provisions;
- (3) Provides personal injury protection benefits (PIP) for medical and rehabilitation expenses of \$10,000 (new §431:10C-A) and deletes wage loss, funeral, and substitute services benefits (§431:10C-103);
- (4) Requires a reduction of award (new §431:10C-C) of \$5,000 or the PIP incurred, whichever is greater;
- (5) Allows claims and lawsuits if PIP equals or exceeds \$5,000 (§431:10C-306);
- (6) Retains 50 per cent reimbursement to the PIP insurer from any recovery, whether by suit or settlement (§431:10C-307);
- (7) Requires bodily injury liability coverage of \$20,000 per person, with an aggregate limit of \$40,000 per accident (§431:10C-301);
- (8) Requires property damage liability coverage of \$10,000 (§431:10C-301);
- (9) Provides optional uninsured and underinsured coverage in the same amount of bodily injury liability coverage (§431:10C-301);
- (10) Provides new optional coverages (§431:10C-302) for:
 - (A) Wage loss benefits;
 - (B) Death benefits;
 - (C) Managed care arrangements; and
 - (D) Treatment for naturopathic, acupuncture, and nonremedial care and treatment (faith healing);
- (11) Requires a reduction in premiums of at least twenty to thirty-five percent on policies in effect on July 1, 1996;
- (12) Creates an insurance fraud investigation unit within the Insurance Division to investigate and prosecute insurance fraud, which will be funded by the motor vehicle insurance administration revolving fund and makes appropriation from that fund for that purpose;
- (13) Provides an effective date of January 1, 1998; and
- (14) Creates a task force, consisting of the Insurance Commissioner and two other members, to make recommendations for further improvements to the motor vehicle insurance system.

Your Committee has also made numerous technical and minor amendments as follows:

- (1) Requires plain language billings that clearly identify coverage and their individual costs;
- (2) Defines the responsibility of rental car companies and drivers for primary insurance coverage;
- (3) Provides an amnesty opportunity for those who have been uninsured to buy insurance without penalty;
- (4) Clarifies that written rejection is required for uninsured and underinsured motorist benefit options to eliminate any uncertainty;
- (5) Provides a uniform requirement that all optional coverages and premium information be offered at inception and with every other renewal or replacement thereafter; and
- (6) Provides that tort claims for injuries to motorcycle and motor scooter owners and operators are the same as for motor vehicle accidents.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 100, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 100, H.D. 1, S.D. 1, C.D. 1.

Senators Baker, Ige, D., Slom.
Managers on the part of the Senate.

Representatives Menor, Tom, Say, Yamane, Whalen.
Managers on the part of the House.

STANDING COMMITTEE REPORTS

SCRep. 1 Judiciary on Jud. Com. No. 1

Recommending that the Senate advise and consent to the nomination of COLETTE YODA GARIBALDI for Judge of the District Court of the First Circuit, for a term of six years in accordance with the provisions of Article VI, Section 3, of the Constitution of the State of Hawaii.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Matsuura, McCartney).

SCRep. 2 (Majority) Ways and Means on H.B. No. 230

The purpose of this bill is to appropriate funds to defray the expenses of the legislature, the auditor, the legislative reference bureau, and the ombudsman during the 1997 regular session and throughout the remainder of the 1997-1998 fiscal year.

Testimony was submitted in favor of this bill by the Office of the Auditor, the State Ethics Commission, the Legislative Reference Bureau, and the Office of the Ombudsman.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 230, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, 1 (Ige, M.). Excused, 2 (Iwase, Anderson).

SCRep. 3 Judiciary on Jud. Com. No. 2

Recommending that the Senate advise and consent to the nomination of KENNETH E. ENRIGHT for Judge of the District Family Court of the First Circuit, for a term of six years in accordance with the provisions of Article VI, Section 3, of the Constitution of the State of Hawaii. .

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Ihara, McCartney, Sakamoto).

SCRep. 4 Transportation and Intergovernmental Affairs on S.B. No. 630

The purpose of this bill is to include utility or light pole on the list of unlawful posting places for outdoor advertising, and expand the penalty for violations to include community service, minimum fines of \$100, imprisonment, or all three.

Your Committee received testimony in support of this measure from the Department of Transportation, GTE Hawaiian Tel, Hawaiian Electric Company, and Na Leo Pohai.

Your Committee finds that posting signs or other advertising on utility or light poles causes visual distractions, is unsightly, causes a health and safety hazard to construction and utility crews, and burdens utility workers with the removal of the postings.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 630 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 5 Transportation and Intergovernmental Affairs on S.B. No. 81

The purpose of this bill is to amend section 445-114, Hawaii Revised Statutes, by adding utility or light post to the list of prohibited poles or other structures from which posting of outdoor advertising is unlawful. Further amendments include allowing any county to impose stricter controls or penalties to any matter in this section, and requiring violators to perform community service, instead of imprisonment.

Testimonies in support of this measure were received from the Department of Transportation; Hawaiian Electric Company; Citizens Utilities, Kauai Electric Division; and Na Leo Pohai, the public policy affiliate of The Outdoor Circle.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 81 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Slom).

SCRep. 6 Transportation and Intergovernmental Affairs on S.B. No. 149

The purpose of this bill is to amend section 281-17.5, Hawaii Revised Statutes by clarifying that other types of moneys collected or received by any liquor commission should also be deposited in the respective Liquor Fund.

Testimonies in support of this measure were received from the Department of Liquor Control, County of Maui; the Department of Liquor Control, County of Kauai; Hawaii Restaurant Association; Retail Liquor Dealers Association; and the Hawaii Hotel Association. In general, the testifiers indicated that all moneys collected by the liquor commission shall be used only for costs or expenses directly related to the liquor commission's operation and administration.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 149 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Slom).

SCRep. 7 (Majority) Transportation and Intergovernmental Affairs on S.B. No. 447

The purpose of this bill is to require the development and utilization of a strategy that integrates all vegetation management alternatives into a cost effective, safe vegetation management program to minimize the use of roadside chemicals.

Testimony in support of this bill was submitted by the Department of Health and the Hawaii Chapter of the Sierra Club. The Department of Transportation, Board of Water Supply of the City and County of Honolulu, American Crop Protection Association, Responsible Industry for a Sound Environment, Western Crop Protection Association, and several manufacturers of agricultural and nonstructural pesticide chemicals submitted testimony in support of the intent of the bill. The Department of Public Works of the City and County of Honolulu submitted testimony in opposition to this bill.

Public concerns over the use of herbicides to control weeds along Hawaii's roadsides have been voiced for many years. Many people have complained about the aesthetic impact of herbicide use, and others are concerned about possible adverse health effects. In situations where the regular roadside herbicide spraying is not necessary, using options like integrated vegetation management is a preferred pollution prevention approach. A reduction in the use of herbicides would reduce potential adverse effects on public health and the environment.

Your Committee adopted the recommendations of the American Crop Protection Association, Responsible Industry for a Sound Environment, and Western Crop Protection Association by deleting subsection (b) in both new sections, which established percentage goals and deadlines for herbicide use reduction. Section 4 was amended to instruct the department of transportation to submit a progress report on implementation of herbicide use reduction to the legislature no later than twenty days prior to the convening of the 1998 regular session. Technical, nonsubstantive changes were also made.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 447, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 447, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 2 (Chumbley, Slom). Excused, 2 (Aki, Fernandes Salling).

SCRep. 8 Human Resources on S.B. No. 129

The purpose of this bill is to allow public employees hired prior to June 18, 1996, and who have active military service, to obtain service credit of up to two years after earning at least eight years if credited service in the Employees' Retirement System (ERS).

Your Committee received testimony in support of the measure from a number of public employees with active military service and public employees unions. The ERS also submitted comments on the bill.

Your Committee finds that Act 241, Session Laws of Hawaii 1996 (Act 241), altered the qualifications for obtaining military service credit under the ERS for active military service by extending the minimum years of service qualification from eight to ten years. Your Committee also finds that Act 241 did not "grandfather" in current members, thus unfairly requiring many employees to rethink their retirement plans.

Based on the testimony submitted by the ERS, your Committee has made clarifying amendments to the bill.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 129, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 129, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 9 Human Resources on S.B. No. 202

The purpose of this bill is to extend the pensioners' bonus paid to certain retirants of the Employees' Retirement System from June 30, 1997, to June 30, 2001.

Your Committee received testimony in support of the bill from the Hawaii Government Employees Association, the Hawaii State Teachers Association, the United Public Workers, the Coalition of Hawaii State/Counties Retirees, Inc., and members of the Oahu Retired Teachers Association. The Employees' Retirement System testified on the possible cost of the measure. The Department of Budget and Finance testified in opposition to the measure.

Your Committee finds that the pensioners' bonus, first enacted as Act 339, Session Laws of Hawaii 1990, was subsequently extended in 1993 and 1994 to provided longtime retirants with the means to cope with the adverse effects of inflation. Your

Committee also finds that the method by which these retirants' pensions are statutorily adjusted do not compound interest. Hence, the annual pensioners' bonus that they are statutorily entitled to receive is based on their original pension. The pensioners' bonus contained in this measure would be provided in addition to the statutory bonus.

Your Committee believes that it is incumbent upon the State to ensure that its retirants are adequately provided for given the service they have provided to their community. However, understanding the current fiscal crisis the State faces, your Committee believes it more prudent to extend the pensioners' bonus program for two years, rather than four. Your Committee has amended the bill to reflect this concern.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 202, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 202, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Levin).

SCRep. 10 (Majority) Judiciary on H.B. No. 117

The purpose of this bill, as received by your Committee, was to propose an amendment to Article I, section 5, of the Constitution of the State of Hawaii to clarify that statutes, regulations, laws, rules, orders, decrees, and legal doctrines that define or regulate marriage, the parties to marriage, or the benefits of marriage shall not be deemed in violation of this section or any other section of the Constitution by virtue of a limitation of the marriage relationship to the union of only one man and one woman.

Your Committee finds that the issue of same sex marriage has been debated in public forums through the legislative process for four years now. Your Committee further finds that the wide-range of opinions of the various members of our community have been repeatedly expressed during those four years, and, unfortunately this issue still divides our community. Thus, in what is a significant shift from the Senate position of the Eighteenth Legislature, this Committee is embracing the House of Representatives proposal to provide an opportunity for the people to vote on a constitutional amendment that would place legal restrictions upon marriage.

However, your Committee finds that there are fundamental flaws in H.B. No. 117 as received. First, the proposed amendment would alter the Due Process and Equal Protection Clause of our Constitution. Your Committee notes that this clause in our Constitution ensures that none of our citizens will be discriminated against because of "race, religion, sex or ancestry." Therefore, your Committee finds that it is unwise and inappropriate to condition our State's promise and commitment to civil rights.

Second, the proposed amendment, by conditioning judicial interpretation of and administrative determinations regarding our Constitution violates the principle of Separation of Powers. Our government is one of three co-equal branches, and this balance of powers has served the people of our State and nation well. It is a fundamental element of our democracy that this delicate balance will ultimately reflect the best of our people. Therefore, your Committee believes that this Separation of Powers principle should not be violated.

Third, the proposed amendment will have the effect of denying substantial governmental benefits and privileges to some of our citizens on the basis of sex. Your Committee believes that the legislature should not condone nor perpetuate any form of unwarranted discrimination upon any of our citizens, simply because they are involved in committed, caring relationships that the majority are not yet prepared to recognize.

Accordingly, your Committee has amended the bill by deleting its substance and substituting therefor the provisions of S.B. 1800. The Senate draft language is intended to cure the defects in H.B. No. 117 by:

- (1) Proposing an amendment to Article IX of the Constitution expressly empowering the State to regulate marriage, including the limitation of marriage to couples of the opposite sex. This provision will have the effect of constitutionally validating existing limitations in current law and protect them against interpretative challenge. It also does not in any way violate the separation of powers doctrine; and
- (2) Conditioning any reservation of marriage to couples of the opposite sex upon the passage of laws ensuring that no deprivation of civil rights on the basis of sex results from the reservation. It is your Committee's intention that this proviso effectively require that similarly situated couples who are prohibited from marriage be provided all substantial government benefits of marriage unless a substantial governmental interest supports their withholding. Your Committee finds that such a proviso will ensure equality in the application of our laws while permitting the protection of relevant substantial governmental and community interests.

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. 117, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 117, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 2 (Bunda, Sakamoto). Excused, 1 (Anderson).

SCRep. 11 (Majority) Judiciary on H.B. No. 118

The purpose of H.B. No. 118, H.D. 1, as received by your Committee, is to establish the status of reciprocal beneficiaries and provide limited governmental benefits to those with such status.

Your Committee finds that the issue of same sex marriage has been debated in public forums through the legislative process for four years now. Your Committee further finds that the wide-range of opinions of the various members of our community have been repeatedly expressed during those four years, and, unfortunately this issue still divides our community. Thus, your Committee believes it important to acknowledge that H.B. No. 118, H.D. 1, is a heartening change from the position taken by the House of

Representatives last year, when they did not want to consider providing legal status for nor extending any governmental rights to unmarried couples. Further, the extension of these governmental benefits remains contingent upon ratification of the proposed constitutional amendment suggested in H.B. No. 117, S.D. 1.

H.B. No. 118, H.D. 1, supports providing limited benefits as follows: 1) hospital visitation and health care decisions; 2) holding property as tenants in the entirety; 3) inheritance rights; and 4) the right to sue for wrongful death. We find these to be among the most appropriate and important governmental privileges that could be reasonably extended. Thus, as a starting point, your Committee considered the provisions of H.B. No. 118, H.D. 1, as well as the provisions contained in S.B. No. 98, Relating to Economic Benefits, a measure co-introduced by 10 of our Senate colleagues, including three members of this Committee. S.B. No. 98 includes similar provisions as H.B. No. 118, H.D. 1, and also allows parties to file a joint tax return and claim dependents.

However, your Committee cannot in all fairness find that appropriate governmental benefits should be limited to "rights after death." During our deliberations, your Committee received testimony from various organizations and individuals both in support of and in opposition to providing legal status and extending governmental benefits to unmarried couples. Thus, taking the specifically identified provisions of H.B. No. 118, H.D. 1 and S.B. No. 98 as guideposts to the types of rights that might be reasonably extended to couples legally prohibited from marriage, we have identified additional governmental rights that should be appropriately included in an expanded rights package.

Your Committee further notes, however, that these additional governmental rights do not include all spousal rights and benefits, nor does it impose all marital burdens. This is because it is the Committee's view that the extension of such rights and burdens can and should be limited when a substantial government interest would be injured by such an extension. Accordingly, this identification of additional rights has excluded from the extended benefits package those benefits which could conflict with other substantial governmental interests, such as the State's interest in preserving the traditional family, and conflicts with federal law or interstate agreements.

Your Committee further notes that the exclusion of certain rights is not because we believe that they should not or cannot be extended to reciprocal beneficiaries. Rather, we have included in this bill, certain governmental rights that we believe any fair minded citizen would agree should reasonably be extended to others. Upon further consideration by your Committee, H.B. No. 118, H.D. 1, has been amended as follows:

- (1) Imposes a residency requirement of one year for both applicants, as an additional qualification for reciprocal beneficiary status;
- (2) Extends health care benefits to reciprocal beneficiaries of the same gender;
- (3) Extends various governmental benefits to all reciprocal beneficiary relationships including: state government retirement system benefits; state tax benefits; workers' compensation benefits; anatomical gifts and corpse disposition rights; criminal victims rights; inheritance of public leases; family leave benefits; mental health notifications and authority; certain criminal and collection defenses; partnership exemptions; tort standing; and criminal enforcement of certain domestic violence and youthful offender statutes;
- (4) Adds an exception to Part IV of Chapter 23, Hawaii Revised Statutes, related to mandated health benefits;
- (5) Adds a severability clause;
- (6) Amends the effective date to upon ratification of the constitutional amendment contained in H.B. No. 117, S.D. 1; and
- (7) Makes technical, non-substantive changes for the 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. 118, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 118, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 2 (Bunda, Sakamoto). Excused, 1 (Anderson).

SCRep. 12 Education on S.B. No. 9

The purpose of this bill is to authorize general obligation bonds and appropriate funds to construct a ten classroom building on the August Ahrens Elementary School campus.

August Ahrens Elementary School submitted testimony in support of this measure. The Department of Education submitted testimony in support of the bill with reservations on funding.

Your Committee finds that August Ahrens Elementary School has an enrollment of over 1600 students. For the past three years new portables have had to be added every year to accommodate student enrollment increases. One third of the students enrolled at August Ahrens Elementary School are educated in twenty-five portables.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 9 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, McCartney, Slom).

SCRep. 13 Education on S.B. No. 10

The purpose of this bill is to authorize general obligation bonds and appropriate funds to plan, design, and construct a retaining wall above Waipahu High School's athletic field to prevent flooding, erosion, and landslides caused by runoff from Farrington Highway.

Your Committee received testimony in support of this measure from Waipahu High School.

Your Committee finds that the runoff from Farrington Highway onto Waipahu High School's athletic field has caused a safety problem to the public, athletes, and custodial staff. Your Committee notes that the runoff has caused caves and crevices to form on the embankment above the athletic field with the potential of cave ins. The run off has also caused the track to become damp and soft, a hazard to athletes using the track.

Your Committee further notes that with the construction of a retaining wall above the athletic field the State would not have to provide continuous cleanup and repair funds for the runoff problem after heavy rainfalls.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 10 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, McCartney, Slom).

SCRep. 14 Education on S.B. No. 11

The purpose of this bill is to appropriate \$285,000 to the department of education to provide air conditioners for five portable buildings at August Ahrens Elementary School.

Testimony in support of this measure was received from August Ahrens Elementary School. The Department of Education testified in favor of this measure but with reservations as to funding.

Your Committee finds that providing air conditioners to five portable classrooms at August Ahrens Elementary School would reduce noise, dust, poor air circulation, and other problems associated with portable classroom buildings.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 11 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, McCartney, Slom).

SCRep. 15 Education on S.B. No. 19

The purpose of this bill is to appropriate funds to the Department of Accounting and General Services for fiscal year 1997-1998 and 1998-1999 for the design and construction of twenty additional parking spaces at Lehua Elementary School.

Four staff members from Lehua Elementary School testified in support of this measure.

Your Committee finds that Lehua Elementary School has fifty-eight faculty and staff members while its parking lot can accommodate only thirty-seven cars. Overflow cars must park across the street in a federally owned dirt lot. Many cars have been vandalized while parked in this lot. Because of the shortage of parking spaces on the school campus, staff members are concerned about their personal safety and the safety of their cars.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 19 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, McCartney, Slom).

SCRep. 16 Education on S.B. No. 20

The purpose of this bill is to appropriate \$150,000 to the Department of Accounting and General Services for noise abatement at Pearl City Elementary School.

Administrators and two educators from Pearl City Elementary School testified in support of this measure.

Your Committee finds that the area around Pearl City Elementary School has developed over the years into a heavy traffic retail shopping area, industrial park, and residential area. The school now must contend with noise and traffic from two fire stations, a police station, a post office, a public library, two bus stops, a car wash, retail establishments, military and low-income housing apartments, and two major City and County development projects.

Your Committee also finds that Pearl City Elementary School educates the highest number of special education and English as a second language students in the State. Learning disabled children are often present with hyperactivity, attention disorders, physically challenged limitations, and respiratory ailments. This bill will help to ensure a healthy learning environment for students and staff.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 20 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, McCartney, Slom).

SCRep. 17 Education on S.B. No. 21

The purpose of this bill is to appropriate \$150,000 to the Department of Education for fiscal years 1997-1998 and 1998-1999 for the purchase of air conditioners for Pearl City Elementary School.

Administrators and two educators from Pearl City Elementary School testified in support of this measure.

Your Committee finds that the area around Pearl City Elementary School has developed over the years into a heavy traffic retail shopping area, industrial park, and residential area. The noise, noxious fumes, dust, and steady high ninety degree temperatures have made it difficult for the school to offer a healthy environment where students can thrive and maximize their potential. Your Committee also notes that the classroom ceilings are open beam corrugated iron roofing.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 21 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, McCartney, Slom).

SCRep. 18 Education on S.B. No. 126

The purpose of this bill is to appropriate funds to the Department of Education for the replacement of termite-damaged furniture and shelving in the children's section of the Wahiawa Public Library.

The state librarian and Wahiawa Public Library submitted testimony in support of this measure.

Your Committee finds that the furniture in the children's section of the library dates back to 1965. The chairs were made to accommodate adults. The stability of the thirty-two year old tables and chairs are a safety concern.

Your Committee further finds that termite damage has left sharp, jagged cuts in the wooden book shelves. The stability of the weighted shelves are also a safety concern.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 126 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, McCartney, Slom).

SCRep. 19 (Majority) Education on S.B. No. 426

The purpose of this bill is to establish a hula cultural center.

Your Committee received testimony from the Democratic Party of Hawaii supporting the intent of this measure with funding reservations.

Your Committee finds that a resolution adopted by the Democratic Party at its 1996 convention called for increased support for cultural and commemorative events. Specifically, recommending the establishment of a hula cultural center.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 426 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 1 (Slom). Excused, 3 (Fernandes Salling, Ige, D., McCartney).

SCRep. 20 (Majority) Education on S.B. No. 445

The purpose of this bill is to appropriate funds to the Department of Accounting and General Services to fully restore the State Foundation on Culture and the Arts to its former budget level providing the foundation the resources needed to support its long standing culture and art programs.

Your Committee received testimony in support of this measure from the Department of Accounting and General Services, the Office of Hawaiian Affairs, the Democratic Party of Hawaii, the University of Hawaii College of Arts and Humanities, numerous individuals, and various musical, theatrical, artistic, and cultural organizations.

Your Committee finds that the foundation's reduced budget over the last few years has shrunk grant program spending from \$5,254,926 for 230 projects in fiscal year 1995 to \$1,632,677 for 164 projects in fiscal year 1996. Grant funding is currently \$1,400,000 for 146 projects for fiscal year 1997.

Your Committee further finds that the foundation has revised its grants application eligibility guidelines by requiring a one to one match for state funds.

Your Committee notes that public support for the arts generates extensive private support and economic activity. National studies show that each dollar of public support for cultural activities generates \$11 in additional economic activity of a non-public nature.

Your Committee further notes that for more than thirty years the State Foundation on Culture and the Arts has supported a system of nonprofit culture and art organizations at a level which facilitated the blossoming of artistic and cultural endeavors throughout the State. As a result, Hawaii gained a vast array of culture and art which has earned world-wide recognition.

Your Committee has amended this bill by specifying the sum of \$1 to be appropriated out of the general revenues of the State of Hawaii and defers to the Committee on Ways and Means for the appropriate funding amount.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 445, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 445, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, 1 (Slom). Excused, 3 (Fernandes Salling, Ige, D., McCartney).

SCRep. 21 Education on S.B. No. 969

The purpose of this bill is to repeal the \$25 limit that the University of Hawaii board of regents may impose on vehicle violations.

Your Committee received testimony in support of this measure from the University of Hawaii.

Your Committee finds that the \$25 ceiling on fines has remained unchanged since 1964 and is not a deterrent against parking violations.

Your Committee further finds that eliminating the \$25 statutory ceiling on university parking fines would enable the university to adjust its parking fines to more closely conform with those currently authorized under City and County of Honolulu and other state regulations. A standardized fine schedule would assist the university as well as the Honolulu Police Department who ticket vehicles in accordance with the Police Department's concurrent enforcement policy which allows officers to ticket cars at their discretion on university property.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 969 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., McCartney).

SCRep. 22 Education on S.B. No. 981

The purpose of this bill is to allow dedication of \$1 to a lower education fund and \$1 to a higher education fund on income tax forms. The bill also establishes a lower education fund and a higher education fund to be used to improve the facilities and programs of the respective fund.

Your Committee received testimony in support of this measure from the Department of Education. The University of Hawaii supports this measure with reservations relating to funding. Your Committee received testimony from the Department of Taxation in opposition to this measure, and from the Tax Foundation of Hawaii analyzing the bill.

Your Committee finds that establishing these funds will enable the Department of Education and the University to provide for contingencies and other unfunded needs.

Your Committee further finds that this measure provides a vehicle for the public to directly support school and university programs by the allocation of tax dollars to the education funds.

Your Committee notes that this measure is consistent with the intent of Act 161, Session Laws of Hawaii 1995, which provides greater fiscal autonomy to the University of Hawaii.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 981 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., McCartney).

SCRep. 23 (Majority) Education on S.B. No. 1000

The purpose of this bill is to appropriate \$75,000 to the University of Hawaii to establish and operate the Center for Teacher Education on the condition that the National Network for Educational Renewal commit matching funds. The bill allows the university to substitute in-kind services of equal value.

Your Committee received testimony in support of this measure from the Department of Education, the College of Education, the Hawaii School University Partnership, the Honolulu District Superintendent, Pearl Ridge Elementary School, Kailua High School, and two educators. The University of Hawaii supports this measure with reservations relating to funding.

Your Committee finds that the improvement of teacher education and the improvement of learning in Hawaii schools can best be accomplished when teacher educators, preservice education students, school administrators, and practicing teachers work in partnership. The necessity of this collaboration has been well established through educational research resulting in recommendations made and published in several studies.

Your Committee further finds that the purposes of the center are to:

- (1) Promote, facilitate, and support the development of educational partnerships and innovations such as the development of school partnerships with the aim of educator preparation, professional development, and school renewal and restructuring. Staff from the Department of Education, the College of Education, the College of Arts and Sciences, and the university at large would be involved;
- (2) Encourage and support research and inquiry in education; and
- (3) Support individual research and development projects through a Center Fellows program.

Your Committee notes that the Center for Teacher Education was created by the legislature in 1994. However, funds were not appropriated to support the center at that time.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1000 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 1 (Slom). Excused, 3 (Fernandes Salling, Ige, M., McCartney).

SCRep. 24 Human Resources on S.B. No. 1545

The purpose of this bill is to provide for an emergency appropriation of \$1,624,389 to pay for the developmental costs for an electronic benefit transfer system for the food stamps and financial assistance programs.

Testimony was received from the Department of Human Services and one private citizen in support of this measure.

Your Committee finds that an electronic issuance system will:

- (1) Improve services to our clients by making benefits available from the first of each month;
- (2) Reduce benefit loss and diversion due to non-receipt of benefits from mail replacement;
- (3) Eliminate the necessity of paper coupon processing and reconciliation; and
- (4) Facilitate the investigation of fraud and abuse within the Food Stamp and Financial Assistance Programs.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1545 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 25 Human Resources on S.B. No. 1547

The purpose of this bill is to permit the Department of Human Services to reclaim the balance of the financial assistance benefits, which were deposited into the State's electronic benefits transfer (EBT) account, for deceased individuals and for accounts that are considered abandoned by the State.

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

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 Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1547, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1547, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 26 Human Resources on S.B. No. 1548

The purpose of this administration bill is to request an emergency appropriation in the amount of \$55,402,862 in general funds for fiscal year 1996-1997, to provide reimbursements to medical and dental plans under the Hawaii QUEST Program and health care providers under the Medicaid Program.

Testimony in support of this bill was received from the Department of Human Services, Healthcare Association, Legal Aid Society of Hawaii, and the Hawaii Long Term Care Association.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1548 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 27 Human Resources on S.B. No. 1550

The purpose of this bill is to provide sufficient funds to run the Blind Vendor Program and to operate the Ho'opono workshop for fiscal year 1996-1997.

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

Your Committee finds that increasing the ceiling for the Randolph-Sheppard revolving account and the blind shop revolving and handicraft fund will allow these programs to meet their expenses.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1550 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 28 Education on S.B. No. 168

The purpose of this bill is to ban the sale of antiquities removed from burial sites and archaeological sites after the effective date of this Act except to a recognized museum or repository. This bill also requires that all antiquities be registered, and establishes penalties for violation of this Act.

Your Committee received testimony in support of this measure from the Office of Hawaiian Affairs and a concerned citizen.

Your Committee finds that each year ancestral native Hawaiian artifacts are lost through private transactions involving the sale of these limited resources. Most of these artifacts are stolen from sacred burial caves, plundered from archaeological sites, or found during earthmoving activities.

Your Committee further finds that Hawaiian cultural traditions require that families maintain and care for patrimonial, sacred, and familial objects even after interment, and information relating to these antiquities remain the kuleana of the families.

Your Committee has amended this bill by deleting the exception of sale of artifacts to a qualified museum, the requirement that persons owning artifacts register each artifact with the State Historic Preservation Officer, and the direction to the revisor of 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 S.B. No. 168, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 168, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., McCartney).

SCRep. 29 Education on S.B. No. 1331

The purpose of this bill is to permanently grant the University of Hawaii and the Department of Education administrative flexibility over all matters relating to the acquisition of goods and services, pre-audit of payments, payroll disbursing, fund accounting, and business and accounting forms.

Your Committee received testimony in support of the bill from the Department of Education and the University of Hawaii.

Your Committee finds that the bill repeals the sunset date of Act 321, Session Laws of Hawaii 1986, which provided the Department of Education and the University of Hawaii with this administrative authority.

Your Committee believes that providing administrative autonomy to the aforementioned agencies have assisted in streamlining unnecessary bureaucracy and should therefore be made permanent.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1331 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 30 Education on S.B. No. 1333

The purpose of this bill is to repeal the requirement that the University of Hawaii dedicate \$1,000,000 in tuition revenues annually for scholarships under the Hawaii Opportunity Program in Education (HOPE).

Your Committee received testimony in support of this measure from the University of Hawaii.

Your Committee finds that since 1986 the legislature has provided the university with increased flexibility and autonomy to manage its resources.

Your Committee further finds that the legislature passed Act 161 in 1995 which, among other things, provided the university board of regents with authority to manage tuition revenues and to grant tuition waivers to qualifying students. With the passage of Act 161, the same effects of scholarships under the HOPE program can now be achieved through tuition waivers with a similar impact on tuition revenues.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1333 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 31 Education on S.B. No. 1334

The purpose of this bill is to repeal the College of Education's mission statement regarding its sole purpose of training teachers to meet the requirements of public schools of the State.

Your Committee received testimony in support of this measure from the University of Hawaii and the Department of Education.

Your Committee finds that the College of Education has an updated three-pronged mission that includes instruction, research, and professional development.

Your Committee has amended this bill by setting out the college's three-pronged mission statement.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1334, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1334, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 32 Education on S.B. No. 1335

The purpose of this bill is to transfer the responsibility of operating the motorcycle drivers education program from the University of Hawaii Community College Employment Training Office to the University of Hawaii Community Colleges.

Your Committee received testimony in support of the bill from the University of Hawaii.

Your Committee finds that the bill would enable the University of Hawaii Community Colleges to enhance the motorcycle safety education program and utilize existing infrastructure to support ongoing statewide programs.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1335 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 33 (Majority) Education on S.B. No. 1329

The purpose of this bill is to provide an income tax deduction from gross income of up to \$5,000 per taxable year on behalf of student dependents for tuition paid to a college, university, or vocational training school.

Your Committee received testimony in support of this measure from the Department of Budget and Finance, the University of Hawaii, and the Department of Taxation. The Tax Foundation also submitted informational testimony.

Your Committee finds that higher education tuition increases at many institutions have outpaced inflation. These skyrocketing tuition costs have put a heavy burden on resident families.

Your Committee finds that many families in Hawaii are having a difficult time paying for higher education. A significant number of families already have parents that are working multiple jobs to make ends meet and higher education cost increases make it even more difficult.

Your Committee believes that expanding the higher education opportunities for our residents will ultimately benefit the State and its communities.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1329 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, 1 (Slom). Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 34 Education on S.B. No. 1332

The purpose of this bill is to establish a University of Hawaii commercial enterprises revolving fund into which would be deposited revenues derived from the operation of commercial enterprises by university programs.

Your Committee received testimony in support of this measure from the University of Hawaii.

Your Committee finds that over the last several years the university has sustained drastic budget cuts. In order to make up the fiscal shortfall and to maintain a quality university greater fundraising and increased entrepreneurial efforts must be implemented.

Your Committee further finds that the university must be permitted to retain revenues which are derived from commercial enterprises operated by university programs.

Your Committee has amended this bill by requiring the university to submit an annual report to the legislature detailing fund activities, and by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1332, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1332, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 35 Education on S.B. No. 1336

The purpose of this bill is to clarify the role and responsibility of the Research Corporation of the University of Hawaii (RCUH)

Your Committee received testimony in support of the bill from the University of Hawaii and the RCUH.

Your Committee finds that the RCUH was established to promote educational, scientific, and literary pursuits on behalf of the University of Hawaii. Although training is implied within its scope, it is not expressly required. Your Committee believes that the inclusion of training as an expressed activity of RCUH is desirable.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1336 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 36 Education on S.B. No. 1339

The purpose of this bill is to extend the time period in which the Research Corporation of the University of Hawaii is to find a nonprofit corporation to manage the Waikiki Aquarium.

Your Committee received testimony in support of the bill from the University of Hawaii and the Friends of the Waikiki Aquarium. The Research Corporation of the University of Hawaii submitted testimony stating that it had no objection to the extension.

Your Committee finds that Act 184, Session Laws of Hawaii 1995, allowed the University of Hawaii to enter into a contract with a nonprofit corporation to manage the Waikiki Aquarium. The intent was to have the Waikiki Aquarium operate more like a business and to improve its fundraising capabilities.

Your Committee also finds that the June 30, 1997, deadline to perfect a management agreement is close at hand and all indications are that the deadline will not be met. Your Committee believes that extending the deadline to June 30, 1999, will give the University of Hawaii and the Friends of the Waikiki Aquarium time to negotiate an agreement.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1339 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 37 Education on S.B. No. 1953

The purpose of this bill is to authorize the University of Hawaii, with the approval of the Governor, to issue revenue bonds to repay construction loan funds advanced by the Housing Finance and Development Corporation for the Manoa faculty complex.

Your Committee received testimony in support of the bill from the University of Hawaii.

Your Committee finds that it is necessary and proper to authorize the University of Hawaii to secure private commercial mortgage funding in order to repay the outstanding construction loan balance of approximately \$3,600,000 owed to the Housing Finance and Development Corporation for the Kau'iokahaloa Iki faculty housing development in Manoa Valley. The mortgage loan would then be repaid from the sale and rental proceeds realized on the units in the development.

Your Committee believes that this method of funding the remaining construction costs of the faculty housing development is preferred as the Housing Finance and Development Corporation would be repaid in full, thereby allowing the funds to be invested in new projects, and the Kau'iokahaloa Iki faculty housing development would become self-supporting with no additional assistance from the taxpayers of the State of Hawaii.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1953 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 38 Human Resources on S.B. No. 1546

The purpose of this bill is to specify the penalties for the fraudulent use of electronic benefits transfer cards or similar debit-card-type devices to obtain food stamp benefits illegally, and to amend the definition of a "credit card" to include debit cards and electronic benefits transfer cards.

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

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 Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1546, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1546, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 39 Education on S.B. No. 1718

The purpose of this bill is to allow the Department of Education and the University of Hawaii to enter into long-term service contracts and to renew those contracts if they so desire.

Your Committee received testimony in support of the bill from the University of Hawaii. The State Procurement Office, Department of Accounting and General Services, testified in opposition to the measure.

Your Committee finds that although section 103D-315, Hawaii Revised Statutes, already allows the Department of Education or the University of Hawaii to enter into contracts for goods and services for any time period deemed in its best interest, the bill would enhance the Department of Education's and the University of Hawaii's flexibility in obtaining technical equipment necessary for their pursuits. Your Committee believes that providing the Department of Education and the University of Hawaii with this flexibility would further the State's goal of achieving its goal of excellence in education.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1718 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 40 Education on S.B. No. 1907

The purpose of this bill is to provide fiscal autonomy to the University of Hawaii.

Specifically, the bill changes the base figure calculation used to calculate the University of Hawaii budget from one hundred percent to eighty-five percent of the general fund operating amounts appropriated to the University of Hawaii for fiscal year 1994-1995. The bill also prohibits the Governor or Director of Finance from reducing University of Hawaii budget requests below legislative appropriations.

Your Committee received testimony in support of the bill from the University of Hawaii. The Department of Budget and Finance opposed the bill and the University of Hawaii Professional Assembly, and various professors of the University of Hawaii opposed the reduction to eighty-five percent.

Your Committee finds that although the bill restricts the University of Hawaii's budget formula calculation from general funds to eighty-five percent of the amount the Legislature appropriated in fiscal year 1994-1995, because of the Governor's restrictions on the University's budget, the University would actually experience an increase in funding.

However, your Committee believes that part of the intent of Act 161, Session Laws of Hawaii 1995, was to commit the State to providing a sufficient amount of funding to assist the University of Hawaii in achieving its goal of excellence. Your Committee

believes that in order to achieve this goal, the University of Hawaii should receive the total amount appropriated by the Legislature in fiscal year 1994-1995 as its budget base.

Your Committee has amended the bill to reflect this belief.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1907, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1907, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 41 Health and Environment on S.B. No. 166

The purpose of this bill is to establish an Endangered Species Art Contest for the production of an annual state endangered species hunting license stamp.

Your Committee received testimony from the Department of Land and Natural Resources (DLNR) that voiced qualified support for the measure.

Your Committee finds that the bill as written would require the DLNR to establish an Endangered Species Art Contest for the purpose of using the winning artwork as an Endangered Species Hunting Stamp to be affixed to hunting licenses annually.

Your Committee also finds that there already is a program, the Hawaii Wildlife Stamp Program, that is used to validate hunting licenses. Establishing another such program would prove duplicative and confusing.

However, your Committee also understands the merits of establishing the Endangered Species Art Program as a separate mechanism to provide the DLNR with more funds to protect Hawaii's wildlife. Therefore, based on the testimony provided by the DLNR, your Committee has amended the bill by deleting references to hunting and by authorizing the proceeds of the program to be paid into the Wildlife Revolving Fund established pursuant to section 183D-10.5, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 166, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 166, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 42 Health and Environment on S.B. No. 418

The purpose of this bill is to require the community mental health centers to provide treatment services to all severely mentally ill persons who have no access to other similar services through traditional means and to provide an appropriation to restore adequate funding to those centers for that purpose.

Your Committee heard testimony in favor of the bill from the Mental Health Association of Hawaii. The Director of Health supported the intent of the bill but recommended that the target population be specifically identified as "persons with severe, disabling mental illness" and that a qualifier be added to the managed care termination criterion to prevent cost shifting to the State.

Your Committee incorporated the recommendations of the Director of Health and amended this bill by limiting mandatory services to "any person with severe, disabling mental illness" and by qualifying the managed care termination criterion to those terminations which result from just cause only.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 418, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 418, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, none.

SCRep. 43 Health and Environment on S.B. No. 897

The purpose of this bill is to support the partnership between the Hamakua health center and the Hamakua long term care facility and to appropriate funds for urgent care for the Hamakua region of the Big Island.

Your Committee received testimony in support of this measure from the Department of Health, the Hamakua District Development Council, the Hamakua Health Center, the Hawaii State Primary Care Association, and three private citizens.

Your Committee is in agreement that providing urgent care services in the Hamakua region meets a critical community need in an area with both a high maternal and child health risk, and a growing elderly population. Since emergency services are located outside the area, urgent care services in Hamakua would also provide quicker access to appropriate health care, and in a more cost effective manner than emergency room services.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 897 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 44 Health and Environment on S.B. No. 1090

The purpose of this bill is to require the Department of Land and Natural Resources to preserve, protect, and promote public hunting.

Your Committee received favorable testimony on this measure from: the Chairperson of the Board of Land and Natural Resources, the Hawaii Chapter of the Sierra Club, the Hawaii Audubon Society, the Hawaii Rifle Association, the Pig Hunters of Hawaii, the Hawaii Hunting Association, and Hawaii Citizens' Rights.

The written testimony indicated that hunting, particularly of feral pigs, goats, and sheep, is an essential wildlife management tool that protects native eco-systems. Hunting is also an important recreational activity which funds many wildlife conservation programs which benefit everyone through taxes and license fees.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1090 and recommends that it pass Second Reading and be referred to the Committee on Economic Development.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 45 Health and Environment on S.B. No. 175

The purpose of this bill is to require the Department of Land and Natural Resources to adopt rules pursuant to chapter 91, Hawaii Revised Statutes, which would authorize the propagation, possession, ownership, and sale of selected endangered and threatened land plant species grown from cultivated nursery stock and not collected or removed from the wild.

Your Committee received favorable testimony from the Department of Land and Natural Resources, the Hawaii Farm Bureau, the Hawaii Audubon Society, the Hawaii Association of Botanical Gardens, and two individuals.

The Hawaii Audubon Society suggested making the language permissive rather than mandatory to preserve flexibility; however the Department through its written testimony indicated that it was in the process of drafting rules and did not believe that such a change was necessary.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 175 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 46 Government Operations and Housing on S.B. No. 548

The purpose of this short form bill is to effectuate its title which relates to the Hawaii public procurement code.

Your Committee has passed S.B. No. 1419, which was introduced in the 1997 Regular Session of the Legislature. That measure establishes a new chapter in the Hawaii Revised Statutes, (H.R.S.), to govern purchases of health and human services. That bill further requires the Procurement Policy Board established under section 103D-201, H.R.S., to adopt rules for the procurement of goods and services under that chapter, and to be responsible for adopting rules implementing the new chapter on purchases of health and human services. However, as presently constituted, there is no requirement that members of the Procurement Policy Board have experience in the purchase of health and human services, and there is need for such perspective given the differences between health and human services procurement and other types of procurement.

Accordingly, your Committee has amended this bill by deleting its contents and inserting language amending section 103D-201, H.R.S., to enlarge the Procurement Policy Board from five to seven members, and to require that the two additional members have significant experience in the field of health and human services.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the action to report out S.B. No. 548, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 548, S.D. 1, and be recommitted to the Committee on Government Operations and Housing for further consideration.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 47 (Majority) Commerce, Consumer Protection, and Information Technology on S.B. No. 146

The purpose of this bill is to provide for the taxation of resort time share vacation owners through a transient occupancy tax.

Your Committee received testimony in support of this measure from the Mayor of Maui County, the Hawaii Hotel Association, ILWU Local 142, the Maui Hotel Association, the Maui Visitors Bureau, Royal Lahaina Resort, and a Maui Council member. The Department of Taxation and the Tax Foundation of Hawaii submitted informational testimony. Testimony in opposition was submitted by American Resort Development Association, Dwyer Imanaka Schraff Kudo Meyer & Fujimoto, Real Estate and Hospitality Consulting Practice of KPMG Peat Marwick LLP, Hilton Grand Vacations Company, Marriott Ownership Resorts, Inc.,

The Bay Club Waikoloa Beach Resort and approximately 100 of its employees, The Imperial of Waikiki, Consolidated Resorts, Inc., Amfac/JMB Hawaii, Owners Resorts and Exchange, Inc., and several private citizens.

The State has determined that transients are in a particular class for tax purposes, and imposes the transient accommodations tax and the rental motor vehicle surcharge tax on transients. These taxes help the State and the counties to offset the costs on our highways, infrastructure, and services attributable to visitor use. Hotel guests also pay the real property tax as part of their bill along with the transient accommodations tax and the general excise tax. Under current law, resort time share vacation owners are required to pay only real property taxes.

The industry noted that resort time share vacation occupants spend moneys in the State and pay the general excise tax on those expenditures, in addition to paying real property taxes. They also noted that the owners receive no benefits of real property tax payments as they are not residents.

Your Committee notes the argument by the industry that the individuals who hold resort time share vacation units are owners and therefore, the imposition of a transient occupancy tax on time share unit owners is unconstitutional because the tax is not imposed on condominium apartment owners. The argument is that some condominium apartment owners are not residents and they too should pay the tax imposed by this bill. While it is true that some condominium apartment owners are not residents, it is not true that the overwhelming majority of the condominium apartment owners are transients in the same manner as resort time share vacation unit owners. Resort time share vacation unit ownership is one hundred per cent comprised of transients.

The industry cited no reported court cases directly in their favor. They cited equal protection cases, not on point in their favor. They also noted the case of *City of Palm Springs v. Palm Springs Tennis Club Owners Association*; et al, decided in the Superior Court of the State of California, County of Riverside. Superior courts in California are the equivalent of the circuit courts in Hawaii and their cases are not reported. Additionally, court decisions in other jurisdictions, particularly at the level of a circuit court are not persuasive. The issue of the constitutionality of Palm Springs' transient occupancy tax was discussed and Palm Springs did not present sufficient reasons to prove to the court that their ordinance was valid.

In the area of constitutional classification and equal protection, the courts use a rational basis test. If the courts find that there is a rational basis for the classification, the the classification will be upheld. In this bill, the transient occupancy tax is imposed on transients. Resort time share vacation unit owners are transients, neither resident nor domiciled in their units. Resort time share vacation units are sold as a substitute for vacation rentals and are in fact vacation rentals paid in advance. Unlike condominium apartments which are used as dwellings and by some transients, resort time share vacation units are used exclusively by transients. The ownership argument does not offset the transient nature of the resort time share vacation owners and the burden transients place on the State and the counties. Hawaii has chosen to treat transients as a separate class for tax purposes and resort time share vacation unit owners fall within this class for tax purposes.

In reviewing a similar bill last year, the attorney general noted that the bill does raise equal protection concerns and suggested that the concerns can be met by spelling out a rational basis for taxation in the legislative findings. Your Committee finds that the purpose section of the bill addresses these concerns adequately.

Your Committee notes the argument of the resort time share vacation industry proponents that this tax will have a chilling effect on the resort time share vacation industry and perhaps mainland visitors will go elsewhere. Your Committee also notes that the 1992 Ragatz Association study of the resort time share vacation industry in Hawaii stated that the median income of time share owners in Hawaii was \$66,000 in 1992.

Your Committee has amended this bill by amending section 2, § -2, to set forth the tax rate to be levied by type of unit--studio, one bedroom, two bedroom, and three or more bedrooms. The Department of Taxation has submitted information that this tax structure will raise approximately \$19 million.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 146, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 146, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Slom). Excused, 2 (Aki, Solomon).

SCRep. 48 (Joint) Human Resources and Transportation and Intergovernmental Affairs on S.B. No. 325

The purpose of this bill is to provide civil and criminal immunity to an employee of the Department of Human Services, and any police officer assisting the employee, who must gain entrance into premises without a warrant to investigate a report of abuse.

Testimony was received from the Department of Human Services, the City and County of Honolulu Police Department, the Community Elder Abuse and Neglect Task Force, and one private citizen in support of this measure.

As affirmed by the records of votes of the members of your Committees on Human Resources and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 325 and recommend that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 6. Noes, none. Excused, 6 (Aki, Baker, Fernandes Salling, Levin, Anderson, Slom)

SCRep. 49 (Joint) Human Resources and Transportation and Intergovernmental Affairs on S.B. No. 1183

The purpose of this bill is to appropriate \$247,731 for fiscal year 1998-1999, for a grant-in-aid to the City and County of Honolulu to fund in-home elderly services to three named programs (Project Dana, Waikiki Friendly Neighbor, and Crisis and Short Term Intervention).

Testimony was received from the Elderly Affairs Division, City Department of Human Resources; Child and Family Services, Honolulu Gerontology Program; Executive Office on Aging; and ten private citizens in support of this measure.

As affirmed by the records of votes of the members of your Committees on Human Resources and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1183 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 6. Noes, none. Excused, 6 (Aki, Baker, Fernandes Salling, Levin, Anderson, Slom).

SCRep. 50 Human Resources on S.B. No. 947

The purpose of this bill is to statutorily establish the statewide preschool open doors early childhood education and child care program within the Department of Human Services.

Your Committee received testimony in support of this bill from the Department of Human Services, the Office of Hawaiian Affairs, the Family Services Center, and three private citizens.

Your Committee has amended this bill by:

- (1) Authorizing the Department of Human Services to determine the amount of a monthly tuition waiver instead of mandating a \$300 per month payment; and
- (2) Changing the age requirement from "birth to age five" to "age three to age five."

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 947, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 947, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 51 Human Resources on S.B. No. 1557

The purpose of this bill is to increase the length of validity of child care licenses and temporary permits from one to two years.

Your Committee received testimony in support of this bill from the Department of Human Services and People Attentive to Children. Testimony from the Hawaii Association for the Education of Young Children was received in opposition to this measure.

Your Committee finds that due to concerns about the health and safety of the children in these facilities, it will be necessary to assess the effects of this bill after a five year period. Accordingly, your Committee has amended the bill by adding a repeal date of June 30, 2002.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1557, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1557, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 52 Human Resources on S.B. No. 1631

The purpose of this bill is to recognize a public-private partnership for early childhood education.

Your Committee received testimony in support of this bill from the Office of the Governor, the Department of Human Services, the Office of Hawaiian Affairs, the State Department of Health, the Department of Education, the Good Beginnings Alliance, and three private citizens in support of this measure.

Your Committee has amended this bill by clarifying that the specified composition of the board of directors of the contracted nonprofit corporation is a condition of qualifying for the contract and by making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1631, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1631, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 53 Commerce, Consumer Protection, and Information Technology on S.B. No. 1503

The purpose of this bill is to allow the Insurance Commissioner to hire personnel without regard to chapters 76 and 77, Hawaii Revised Statutes.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs. State Farm Insurance Company testified in opposition.

Your Committee finds that the Insurance Division of the Department of Commerce and Consumer Affairs requires this amendment to retain the no-fault cost containment specialist and investigator positions and, if necessary, to hire additional staff. These two personnel positions are instrumental in reducing the division's peer review process backlog of no-fault auto insurance challenges. Without this amendment to clarify use of the no-fault administration special fund, these positions may be terminated.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1503 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 54 (Joint) Economic Development and Transportation and Intergovernmental Affairs on S.B. No. 633

The purpose of this bill is to authorize the Kauai planning commission to permit, for a period of ten years, the establishment of bed and breakfast operations on lands designated for agricultural uses, and to grant retroactive approvals, during the same ten-year period, to all bed and breakfast operations operating on agricultural lands prior to the effective date of the measure.

Your Committee received testimony in support of this bill from the Department of Business, Economic Development, and Tourism, the Department of Health, the Poipu Beach Resort Association, the County of Kauai Planning Department, the Kauai County Council, numerous bed and breakfast operators and other tourist-related business concerns on Kauai, and other private citizens.

Your Committee finds that Kauai's growing bed and breakfast industry has contributed immeasurably to the island's recovery following the devastation of Hurricane Iniki. With several major hotels on Kauai still in the process of reconstruction and renovation, bed and breakfast accommodations have become the only practical means of filling the deficit in the number of rooms available to visitors on the island.

Bed and breakfast operations on Kauai also offer an alternative experience to visitors, one that allows them to share Kauai's own unique lifestyles, environment, and gracious at-home hospitality. Guests leave these quaint accommodations with a true sense of having been a part of the community. This encourages return visits and word-of-mouth enthusiasm for the Garden Isle.

Your Committee finds that in spite of the clear benefits they provide, burdensome special use and zoning requirements prohibit bed and breakfast operations in areas, like agricultural areas, where they exhibit the greatest potential to expand. In fact, many existing bed and breakfasts on Kauai are operating in technical violation of the law because they have failed to meet these requirements.

Your Committee has amended this measure by:

- (1) Providing that the planning commission may permit new establishments and grant retroactive approvals under this measure on a case-by-case basis or otherwise; and
- (2) Reducing the number of rental bedrooms that a bed and breakfast operation can have from six to five.

As affirmed by the records of votes of the members of your Committees on Economic Development and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 633, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 633, S.D. 1, and be referred to the Committee on Water, Land, and Hawaiian Affairs.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 5 (Aki, Bunda, Kanno, Solomon, Tanaka).

SCRep. 55 Economic Development on S.B. No. 815

The purpose of this bill is to appropriate \$250,000 to the Department of Agriculture for pineapple pest control.

Testimony in support of this measure was received by the Department of Agriculture, the Maui Hotel Association, the Maui Chamber of Commerce, the Hawaii Farm Bureau, the Pineapple Growers Association of Hawaii, the Hawaii Agriculture Research Center, and the Hawaii Organic Farmers Association. The College of Tropical Agriculture and Human Resources, University of Hawaii, submitted informational testimony and did not take a position on the bill.

Your Committee finds that the pineapple industry is one of the largest agricultural industries in the State. Currently, pineapple companies collectively employ more than 3,000 people and pay approximately \$6.2 million in state taxes annually.

Pineapple research is vital to maintain the productiveness of the pineapple industry and to maintain the industry's competitiveness in the global marketplace. Specific projects planned for fiscal year 1997-1998 include research on mealy bug wilt virus; control of ants; nematode control; insecticides and fungicides; and pineapple root rot.

Your Committee has amended this bill by:

- (1) Clarifying in section 1 that the purpose of the measure is to support research projects at the University of Hawaii or the Hawaii Agriculture Research Center;
- (2) Providing in the same section that the research projects will focus on fruit quality, in addition to pest management and related environmental research; and
- (3) Changing the appropriation in section 2 from \$250,000, to \$200,000, and providing that the funds may be used for pineapple pest control research, fruit quality, and related environmental research.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 815, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 815, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Iwase, Tanaka, Slom).

SCRep. 56 Economic Development on S.B. No. 836

The purpose of this bill is to appropriate funds to the Department of Agriculture for agricultural research and development to be performed by the Hawaii Agriculture Research Center.

Testimony in support of this measure was received from the Department of Agriculture, the Hawaii Agriculture Research Center, the Hawaii Coffee Growers Association, the Hawaii Farm Bureau, the Hawaiian Commercial & Sugar Company, the Pineapple Growers Association of Hawaii, the Big Island Papaya Growers Association, the Hawaii Organic Farmers Association, and Gay & Robinson, Inc.

Your Committee finds that with the demise of the State's sugar industry, agricultural research and development have become increasingly important for maintaining and enhancing the State's current crop base, and for developing new crops to take advantage of available lands once used for sugar production.

The Hawaii Agriculture Research Center (HARC), formerly the Hawaiian Sugar Planters' Association, has effectively filled this research role for the sugar industry for more than a century, and is strategically situated to play a valuable part in helping to increase commercial production not only of sugarcane, but also of diversified products such as coffee, papaya, and tree crops for forestry. HARC's funding comes primarily from the private sector, which increases the returns on the State's funding, benefitting farm production and the local economy.

Your Committee has amended this measure by changing the initial fiscal year of the appropriation from FY 1996-1997 to FY 1997-1998.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 836, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 836, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Iwase, Tanaka, Slom).

SCRep. 57 Economic Development on S.B. No. 843

The purpose of this bill is to provide a small business tax credit against net income tax liability in an amount equal to the guaranty fee paid pursuant to obtaining United States Small Business Administration guaranteed financing.

Your Committee received testimony in support of this measure from the U.S. Small Business Administration (SBA), First Hawaiian Bank, Hawaii Hispanic News, Old Lahaina Cafe and Luau, and Keo Kea Hawaii. Testimony in opposition to this bill was received from the Department of Business, Economic Development, and Tourism and the Department of Taxation. The Tax Foundation of Hawaii submitted testimony for informational purposes.

Your Committee finds that the SBA's major lending program, the so-called "7(a) loan guaranty program", is designed to encourage banks to make loans to small businesses that do not meet the bank's normal lending guidelines. By offering the SBA guaranty, the credit concerns of the bank are mitigated and the small business person is able to obtain the necessary financing.

To obtain an SBA guaranteed loan, the lender is required to pay a guaranty fee to SBA. SBA allows the lender to recover the fee by passing it on to the borrower. The fee is based on the guaranteed amount of the loan and is set on a graduated scale beginning at 2 percent and increasing to 3 7/8 percent for loans where the guaranteed amount exceeds \$500,000.

According to SBA statistics, the total amount of guaranty fees charged to SBA borrowers in Hawaii during FY 1995 was \$285,035. In FY 1996, the guaranty fees totalled \$243,884. For the first six months of FY 1997, the fees totalled \$195,624.

Your Committee finds that, based upon the the experience to date of Rhode Island, the first and only state to pass a similar tax credit, the tax credit proposed in this measure may help to stimulate the economy by creating new jobs and increasing the availability of and access to capital for small businesses.

Your Committee has amended this measure by making several technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 843, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 843, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Bunda, Chumbley, Iwase, Matsunaga).

SCRep. 58 Transportation and Intergovernmental Affairs on S.B. No. 853

The purpose of this bill is to create a new offense of driving under the influence of intoxicating liquor by a person under the age of twenty-one. This bill prohibits a person under the age of twenty-one from operating or assuming actual physical control of any vehicle when the person's blood or breath has .02 or more grams of alcohol per one hundred milliliters or cubic centimeters of blood or .02 or more grams of alcohol per two hundred ten liters of breath. Penalties are included for persons under age twenty-one who refuse to test for blood alcohol concentration.

Testimony in support was submitted by City and County of Honolulu's Department of the Prosecuting Attorney, Maui County Police Department, State Farm Insurance, Hawaii Restaurant Association, and Mothers Against Drunk Driving. Testimony from six members of Youth in Action was submitted, along with 170 signatures on a petition supporting zero tolerance for drivers under age twenty-one. In addition, testimony in support from thirty-eight individuals from the public was submitted. The Department of Transportation submitted testimony in support of the intent and purpose of this bill.

Hawaii's alcohol related fatal crash involvement has been higher than the national average. Between 1986 and 1993, sixty-seven drivers under the age of twenty-one in Hawaii have died of alcohol related crashes. The Honolulu Police Department estimated that in 1994, 118 driving under the influence arrests and 364 liquor law arrests were made in the fifteen to twenty year old age group. When liquor is combined with limited driving experience and risk taking, the results are often tragic.

In Hawaii, persons must be twenty-one years old or older to purchase, possess, and consume alcoholic beverages. However, when a person under the age of twenty-one is found with a blood alcohol concentration of no greater than .08 grams and has been involved in a major car crash, there is a possibility that no action will be taken against that person. At the present time, Hawaii's laws appear to be sending a mixed message to young people and to the community by allowing minors to drive with a blood alcohol concentration of up to .08 grams. Enforcing consistent laws will help to reduce the increasing numbers of under-age drinking and reduce the problems caused by youthful consumption of alcohol. Your Committee is concerned about the inconsistencies in the law and the mixed messages it may be sending to our youth and the community.

Your Committee has adopted the recommendations of Mothers Against Drunk Driving and the Department of Transportation by: (1) changing references of "family court" to "court"; (2) changing suspension of licenses from ninety days to six months with no opportunity for conditional licenses for first offenses; (3) substituting \$100 fine for the license reissuance fee for second offenses; (4) removing reference to administrative revocation; (5) changing provisions to apply to persons under age twenty-one with a blood alcohol concentration of .02 grams to .08 grams; (6) allowing the expungement of records for first offense defendants as long as no subsequent alcohol or drug related offenses are committed; (7) precluding the expungement of records of defendants who were under age twenty-one at the time of conviction until they reach the age of twenty-one; and (8) adding penalties of license suspensions between one and three years for refusing to submit to blood alcohol concentration testing. Technical, nonsubstantive changes were made for purposes of style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 853, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 853, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 59 Economic Development on S.B. No. 1012

The purpose of this bill is to expand the income-splitting provision under current law allowed for tourism related services under Section 237-18(f), Hawaii Revised Statutes. The bill would extend the provision for goods, as well as for services, and for destination managers, as well as travel agencies and tour packagers.

The bill further expands the definition of tourism related items to include goods, as well as services, and to specifically include banquets, entertainment, cultural and educational activities, and other goods and services customarily included in travel, convention, or vacation packages.

Testimony in support of this measure was received from Outrigger Hotels and Resorts and MC&A, Inc. The Department of Taxation submitted testimony, but did not take a position on the bill. The Tax Foundation of Hawaii submitted testimony for informational purposes.

Your Committee finds that this measure is intended to clarify the provisions relating to the taxation of tourism related services where the services are sold through a destination manager, as well as travel agency or tour packager and the gross income is divided between the actual provider of the services and the travel agency, tour packager, or destination manager. It appears that the Department of Taxation has taken a strict interpretation of current law and determined that it does not apply to a "destination manager", even though destination managers may in fact act in a similar manner and capacity as travel agents and tour packagers.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1012 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Bunda, Matsunaga, Solomon, Tanaka).

SCRep. 60 Economic Development on S.B. No. 1013

The purpose of this bill is to appropriate funds to conduct agricultural research on the development and implementation of post-harvest treatment technologies and procedures to allow for the interstate and international shipment of Hawaii agricultural products that are currently barred by quarantine.

Testimony in support of this measure was received by the Department of Agriculture and the Pineapple Growers Association of Hawaii.

Your Committee finds that all of Hawaii's fruits and vegetables are prohibited from movement to other mainland states and to some countries because of quarantines directed primarily at the four species of fruit flies found in Hawaii. For example, many of Hawaii's tropical fruits, including papayas, cannot be heat or cold treated, so they are currently being sent to Chicago for irradiation treatment before being shipped to their final mainland destinations. This procedure is costly and at times results in transportation delays that ruin fruit quality.

Since the future of diversified agriculture in the State depends on the ability of our producers to effectively and efficiently get their products to the marketplace, it is imperative that the State continue its research into post-harvest treatment technologies and procedures.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1013 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Iwase, Tanaka, Slom).

SCRep. 61 Economic Development on S.B. No. 1134

The purpose of this bill is to appropriate funds for the Department of Agriculture to hire additional inspectors, and to purchase x-ray machines and other inspection equipment, for the inspection stations at the State's ports of entry.

Testimony in support of this measure was received from the Department of Agriculture, the Hawaii Hotel Association, the Sierra Club, the Maui Hotel Association, the Maui County Council, the Hawaii Audubon Society, the Nature Conservancy, and the Pineapple Growers Association of Hawaii.

Your Committee finds that alien pest species pose a grave risk to Hawaii's fragile ecosystem and threaten the continued prosperity of the State's agricultural and tourism industries. It has been estimated, for example, that the economic impact of alien pest species in the State exceeds \$400 million annually.

While airport arrival gates have doubled in number, baggage claim areas tripled, cargo inspection areas quadrupled, and baggage carousels increased nine-fold over the past two decades, staffing and equipment for quarantine inspections have not been proportionately increased and/or upgraded. In fact, federal inspections of outgoing flights are far more thorough than state inspections of incoming flights. This has resulted in a dangerous increase in the number of new pests penetrating our borders.

Your Committee has amended this measure by inserting appropriation amounts of \$1, and by making several technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1134, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1134, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Iwase, Tanaka, Slom).

SCRep. 62 Economic Development on S.B. No. 1424

The purpose of this bill is to exempt from the general excise tax gross revenues received by architects, engineers, urban planners, and land use planners for work performed on international site-specific projects.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, the Department of Taxation, American Institute of Architects Hawaii State Council, and a private architectural consultant. The Tax Foundation of Hawaii submitted testimony for informational purposes.

Your Committee finds that more of Hawaii's service-oriented businesses, including architects, engineers, and planners, are competing for projects overseas, mostly in Asia, to make up for the decline in local work. The four percent general excise tax, however, places a heavy additional burden on these professionals when they compete against firms from jurisdictions that do not impose a similar tax.

Your Committee finds that the general excise tax exemption contained in this measure will promote the export of much sought-after professional services from Hawaii to foreign markets, which in turn will stimulate the local economy by bringing in more "new" dollars and creating jobs in the State.

Your Committee has amended this measure by:

- (1) Broadening the applicability of the tax exemption to include international services performed by education professionals, health care professionals, attorneys, and accountants;

- (2) Deleting the requirement, in light of the above amendment, that the international work be "site-specific"; and
- (3) Making several technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1424, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1424, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Bunda, Chumbley, Iwase, Matsunaga).

SCRep. 63 Economic Development on S.B. No. 1429

The purpose of this bill is to establish a loan guarantee program within the Hawaii Capital Loan Program, and to allow transfers of funds between the capital loan revolving fund and the venture capital investment fund administered by the Hawaii Strategic Development Corporation (HSDC).

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism.

Your Committee finds that the State currently faces maximum financial exposure by making direct business loans. For each direct loan made, the State must provide 100 percent of the financing, with the loan authorization ceiling dictating how much can be lent in total each year.

With a loan guarantee program, the State can guarantee up to 90 percent of the value of a loan made by a private financial institution, and would actually be called upon to provide funds only if the borrower defaults on the loan. This will enable the State to better leverage its limited funds and will promote a greater level of loan activity.

Your Committee further finds that due to the lack of venture capital in Hawaii, many companies are unable to obtain financing and either fail or move to the mainland to obtain necessary funding. This measure will allow the HSDC to utilize capital loan program funds to invest in new local companies and technologies, which in turn will attract venture investment from mainland and foreign sources.

Your Committee has amended this measure by:

- (1) Reinstating the current language of section 210-3(b), Hawaii Revised Statutes, which was inadvertently deleted in bill preparation; and
- (2) Making several technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1429, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1429, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Bunda, Chumbley, Iwase, Matsunaga).

SCRep. 64 Economic Development on S.B. No. 1433

The purpose of this bill is to provide an emergency appropriation of \$10,000,000 for tourism marketing. The sum appropriated will be expended by the Department of Business, Economic Development, and Tourism (DBEDT) through a contract with the Hawaii Visitors and Convention Bureau (HVCB).

Testimony in support of this measure was received from DBEDT, HVCB, the Maui Visitors Bureau, the Maui Hotel Association, the Poipu Beach Resort Association, the Office of Mayor, County of Kauai, the Chamber of Commerce of Hawaii, Hawaiian Airlines, Aloha Airlines, the ILWU Local 142, the Hawaii Business Roundtable, Outrigger Hotels and Resorts, Media Matters, Inc., and several private citizens.

Your Committee finds that due to the declining value of the yen, a relatively stagnant Japanese domestic economy, and strong competitive pressure from other tourist destinations, the State has begun to see a rapid and significant softening in the total outbound tourism market from Japan and a loss in share for Hawaii as a visitor destination. In addition to this disturbing trend, little or no growth from arrivals from the mainland is predicted in the near future.

Although your Committee feels this is not an emergency in a literal sense, your Committee understood the HVCB's intent is to advertise to the North American market while it is still cold and to coordinate efforts with the Japanese who traditionally make corporate decisions on advertising in April. While specifics were not provided on the use of the moneys, the means to achieve how the money will be spent through consultation with other stakeholders seems to be a prudent course of action.

In deliberating on this measure, your Committee reviewed the report to the legislature completed in 1992 regarding the \$6 million emergency appropriation made to the then Hawaii Visitors Bureau to ensure that moneys appropriated are better spent.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1433 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Bunda, Matsunaga, Solomon, Tanaka).

SCRep. 65 (Majority) Economic Development on S.B. No. 1951

The purpose of this bill is to repeal the sunset date for the general excise tax exemption for stock or commodities exchanges set to expire on June 30, 2000.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs (DCCA) and the Securities Law Section of the Hawaii State Bar Association. The Department of Taxation submitted testimony in opposition to the bill. The Tax Foundation of Hawaii submitted testimony for informational purposes.

Your Committee finds that Act 295, Session Laws of Hawaii 1988, established the general excise tax exemption for stock exchanges to sunset on June 30, 1989. The exemption was approved to lure established stock or commodities exchanges to set up trading and order processing facilities to take advantage of time differences between the mainland U.S. and Asian markets. It has been extended several times to its current sunset date of June 30, 2000, even though it has never been utilized.

The DCCA has indicated that serious inquiries regarding the establishment of a stock exchange or facility in Hawaii continue to be received. The elimination of the sunset provision altogether will provide a solid level of assurance to any business intending to establish an exchange that the State is fully supportive and committed to its success. Furthermore, technological advancements in communication media, such as fiber optic cabling, have made it more feasible to establish a facility in Hawaii.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1951 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Slom). Excused, 4 (Bunda, Chumbley, Iwase, Matsunaga).

SCRep. 66 Transportation and Intergovernmental Affairs on S.B. No. 1304

The purpose of this bill is to exempt state and county firefighters from the requirement of obtaining a type four license to drive various types of commercial vehicles while working in the capacity of a firefighter; if they are trained and certified.

Your Committee received testimony in support of this bill from the Department of Transportation, State Fire Council, Hawaii Fire Chiefs Association, the Fire Department of the City and County of Honolulu, and the County of Hawaii Fire Department. Testimony in support was also received by an individual from the Training and Research Bureau of the Fire Department of the City and County of Honolulu.

Your Committee finds that the fire departments of each county are presently exempt from the requirement of obtaining a commercial driver's license to drive an emergency vehicle while working in the capacity of a firefighter. The fire departments of each county presently train and certify firefighters on safe driving practices and legal requirements. They also conduct road evaluations and testing. The driver training is conducted by the Department of Transportation, and its licensed examiners are employed in each county's fire department as driver trainers. They currently train and conduct the initial and annual driver certification for personnel to drive commercial and emergency vehicles. Your Committee members are in agreement with this bill and its purpose and intent.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1304 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 67 Transportation and Intergovernmental Affairs on S.B. No. 1578

The purpose of this bill is allow the Department of Transportation to set specifications for the size of crushed glass aggregate to be used for public highway and road construction projects in the State of Hawaii.

Your Committee received testimony in support of this bill from the Department of Transportation and the Hawaii Food Industry Association.

Your Committee finds that contractors are required to utilize a minimum of ten per cent crushed glass aggregate for all highway and road construction and improvement projects funded by the State or a county. However, contractors are having a difficult time meeting the other requirement of having the crushed glass aggregate pass one hundred per cent of a one-fourth inch sieve. The quality and strength of the base course and subbase should not be affected by increasing the maximum size of crushed glass. Your Committee agrees with eliminating the one-fourth inch sieve requirement as stated in this bill.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1578 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Chumbley).

SCRep. 68 Health and Environment on S.B. No. 672

The purpose of this bill is to establish a joint monitoring program in the Department of Land and Natural Resources (DLNR) that utilizes volunteers in research and surveying activities.

Testimony in support of the bill was received from DLNR, the Nature Conservancy of Hawaii, and Pacific-Asian, Inc.

Your Committee finds that timely, accurate information is crucial to making informed management decisions to protect Hawaii's natural resources. By providing the DLNR with the ability to utilize volunteers in the areas of research and surveying, the DLNR will be better able to accomplish its objectives.

Your Committee has amended the bill to provide the DLNR with the flexibility to utilize existing administrative rules, or adopting new rules as necessary, to effectuate the purposes of the bill.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 672, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 672, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 69 Commerce, Consumer Protection, and Information Technology on S.B. No. 1534

The purpose of this bill is to amend provisions governing licensing fees, examinations for license, the effective date of general agents and subagents appointment, limited license, effective date of solicitor's appointment, and adjusters' qualifications.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds these amendments will establish license and renewal fees for new license types added to the Insurance Code, require non-resident agents and brokers to take an examination, create a deadline for filing appointment forms with the Insurance Division, and require payment of fees before a license will be issued. Your Committee is in agreement these amendments will assist the Insurance Division in its work.

Your Committee has made technical, nonsubstantive amendments to the bill.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1534, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1534, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 70 (Joint) Transportation and Intergovernmental Affairs and Judiciary on S.B. No. 1705

The purpose of this bill is to authorize the establishment of county Domestic Death Review Teams to collect and review data on domestic abuse cases that result in the death of a victim.

This bill also provides for the design of a protocol to facilitate communication among the counties, coroners, and agencies so that incidents of domestic violence and related deaths are recognized, and that the surviving family and household members receive the appropriate services. This bill appropriates moneys to the Department of the Attorney General.

Your Committees received testimony in support of this bill from the Judiciary, and the Domestic Violence Clearinghouse and Legal Hotline.

States across the country are wrestling with the dramatic increase in cases of domestic violence. Hawaii is among the many states examining the best ways to create a system which has the component parts necessary to offer protection, call for accountability, and enforce sanctions, while providing support, and advocacy along the way to safety. The development of an interagency Death Review Team can make an important contribution in better understanding how our system worked or did not work on behalf of murdered victims. Policies and protocols can be improved and implemented. The review by an interagency team will bring specific perspectives and expertise which can make a tremendous difference to the lives of individuals who are victims of domestic violence.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1705 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 6. Noes, none. Excused, 6 (Aki, Bunda, Fernandes Salling, McCartney, Anderson, Slom).

SCRep. 71 Commerce, Consumer Protection, and Information Technology on S.B. No. 957

The purpose of this bill is to adopt the Uniform Unincorporated Nonprofit Association Act, which was drafted by the National Conference of Commissioners on Uniform State Laws in 1992 and recently amended.

Your Committee received testimony in support of this measure from the State Commission to Promote Uniform Legislation. The Department of Commerce and Consumer Affairs testified in opposition due to increased workload.

Your Committee finds that there are thousands of associations of people in the United States that fall into the category of unincorporated nonprofits. They range from local neighborhood associations to national ones with large memberships, and have for various reasons chosen not to become not-for-profit corporations. As such, they have limited legal status.

Your Committee agrees that these limitations may discourage voluntary participation in such associations, which are a vital part of every community. Your Committee also finds that six other states have adopted the Uniform Unincorporated Nonprofit Association Act to give greater protection to community volunteers in unincorporated nonprofit associations. Your Committee also wishes to point out that the Act does not require all unincorporated nonprofit associations to register with the Department of Commerce and Consumer Affairs.

Your Committee has made technical, nonsubstantive amendments to the bill.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 957, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 957, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chun Oakland, Solomon).

SCRep. 72 Commerce, Consumer Protection, and Information Technology on S.B. No. 958

The purpose of this bill is to make housekeeping amendments to sections of the Uniform Commercial Code to update and bring the overall text of the Code into conformity.

Your Committee received testimony in support of this measure from the Hawaii Committee to Promulgate Uniform Legislation.

Your Committee is in agreement with the purpose of this measure in the interests of more efficient government.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 958 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chun Oakland, Solomon).

SCRep. 73 Commerce, Consumer Protection, and Information Technology on S.B. No. 959

The purpose of this bill is adopt the Uniform Prudent Investor Act, which was drafted by the National Conference of Commissioners on Uniform State Laws in 1994.

Your Committee received testimony in support of this measure from the Hawaii Bankers Association and its Trust Committee, and Hawaii's Commission to Promote Uniform Legislation.

Your Committee is in agreement that the Uniform Act modernizes the legal regime governing trust investments to reflect modern day economic thinking about the investment function. To this end, this bill makes three significant changes in the law, spelling out a greatly augmented duty to diversify trust investments, to consider return objectives reasonably suited to the trust, and to encourage trustees to delegate investment responsibilities to professionals.

Your Committee notes the Uniform Act has been endorsed by the American Bankers Association and the American Bar Association, and was adopted by seven states in 1995. Several other states have adopted similar legislation.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 959 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chun Oakland, Solomon).

SCRep. 74 Commerce, Consumer Protection, and Information Technology on S.B. No. 1714

The purpose of this bill is to amend the Motor Vehicle Industry Licensing Act to exclude from the definition of "dealer" an insurance company, finance company, bank, or other financial institution which sells vehicles surrendered or redelivered to it under terms of a lease or a purchase option contained in a lease.

Your Committee received testimony in support of this measure from the Hawaii Banker's Association. The Motor Vehicle Industry Licensing Board testified that it had no objection to the bill.

Your Committee notes the Attorney General has provided the Regulated Industries Complaints Office (RICO) with an opinion that a bank that participates in a lease transaction in which a bank purchases a car and then leases the vehicle to a customer with an option to purchase constitutes the sale of the car as defined in the Motor Vehicles Industry Licensing Act. Under current law, a motor vehicle dealership license is necessary to sell cars, and your Committee finds that licensure should not be required in these instances.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1714 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chun Oakland, Solomon).

SCRep. 75 Commerce, Consumer Protection, and Information Technology on S.B. No. 1715

The purpose of this bill is to make a technical amendment to article 9 of the Uniform Commercial Code to correct a drafting error relating to a transfer of an interest in a deposit account.

Your Committee received testimony in support of this measure from the Hawaii Banker's Association.

Your Committee notes that during the Regular Session of 1996, revised article 5 of the Uniform Commercial Code was adopted and conforming changes made to section 490:9-104, Hawaii Revised Statutes. The conforming change excluded from article 9 a transfer of an interest in any depository account. Your Committee believes this was an oversight, and this amendment will add this provision back into the Code.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1715 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chun Oakland, Solomon).

SCRep. 76 Commerce, Consumer Protection, and Information Technology on S.B. No. 1716

The purpose of this bill is to add Federal Home Loan Bank letters of credit to the list of acceptable collateral to secure public funds deposits.

Your Committee received testimony in support of this measure from the Department of Budget and Finance and the Hawaii Bankers Association.

Your Committee notes that the Federal Home Loan Bank System was created by Congress in 1932 to lower the cost of residential mortgages by providing low-cost funding to its member banks, savings and loan associations, and thrifts. This organization has \$275,000,000,000 of assets and is authorized to borrow up to \$4,000,000,000 from the U.S. Treasury if it should need capital to meet financial obligations. In addition, it commands Triple A ratings from Moody's Investors Service and Standard and Poor's Rating Group.

Your Committee is in agreement that adding the Federal Home Loan Bank letters of credit to the list of acceptable securities will provide financially sound alternatives to Hawaii's financial institutions.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1716 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chun Oakland, Solomon).

SCRep. 77 Health and Environment on S.B. No. 162

The purpose of this bill is to provide funds to hire environmental quality control personnel.

Specifically, the bill authorizes the Department of Health (Department) to expend \$78,000 out of the Environmental Response Revolving Fund to hire a toxicologist and \$78,000 out of the Clean Air Special Fund to hire an air quality modeler.

Your Committee received testimony in support of the measure from the Department of Health, Chevron, the Sierra Club, and the Hawaiian Electric Company. BHP Hawaii, Inc., the Hawaii Fueling Facilities Corporation, and the Hawaii Island Contractors' Association also testified on this measure.

Your Committee finds that the Department is moving toward adoption of a risk-based environmental management strategy, which is based upon risk assessment with respect to human health and the environment, rather than upon rigid technical standards.

Due to apparent pollutants released in the Campbell Industrial Park, and in conjunction with the Department's objective to move toward a risk-based environmental management strategy, your Committee finds that it is necessary for the Department to obtain professional staff capable of assessing airborne chemical threats to the environment.

Your Committee also is aware that the Department is currently lacking the expertise of professional toxicologists and air quality modelers, which are essential for the Department to adequately model the dispersion of air releases and to evaluate the health impacts of the releases on human populations. It is the intent of your Committee that these positions enable the Department to move more rapidly in adopting a risk-based strategy in handling current and potential environmental problems, be they at Campbell Industrial Park or anywhere in the State.

Your Committee also reiterates that the authorization of expenditures contained in this bill come from the Environmental Response Revolving Fund and the Clean Air Special Fund and require no additional general revenue funding to accomplish its purpose.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 162 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 78 Health and Environment on S.B. No. 165

The purpose of this bill is to create a good samaritan exception to liability for charitable, religious, and nonprofit organizations that distribute donated pharmaceuticals and health care supplies to needy persons.

Your Committee heard testimony in favor of the bill submitted by Papa Ola Lokahi, Hawaii State Primary Care Association, Community Clinic of Maui, Kalihi-Palama Health Center, Waikiki Health Center, Bay Clinic, Inc., Waimanalo Health Center, and Waianae Coast Comprehensive Health Center. Testimony against the measure was submitted by the Hawaii Pharmaceutical Association. The Administrator of the Narcotics Enforcement Division of the Department of Public Safety supported the intent of the bill but recommended that the definition of "pharmaceuticals and health care supplies" be amended to exclude all controlled substances. The Director of Health supported the intent of the bill and recommended that all pharmaceuticals and health care supplies covered by this bill remain subject to compliance with the safety, labeling, and distribution requirements of Chapter 328, Hawaii Revised Statutes.

Your Committee adopted the recommendations of the Administrator of the Narcotics Enforcement Division of the Department of Public Safety and the Director of Health, and amended the bill by:

- (1) Amending the definition of "pharmaceuticals and health care supplies" to exclude all controlled substances listed in chapter 329, Hawaii Revised Statutes;
- (2) Limiting the definition of "needy person" to natural persons;
- (3) Providing that need shall be determined by a practitioner at a Hawaii qualified health center established under section 346-41.5;
- (4) Defining "gross negligence" for purposes of limiting liability;
- (5) Providing that the pharmaceuticals and health care supplies distributed under the bill will remain subject to chapter 328, Hawaii Revised Statutes; and
- (6) Making technical, nonsubstantive amendments for purposes of style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 165, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 165, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 79 Health and Environment on S.B. No. 178

The purpose of this bill is to appropriate funds for the review, revision, and update of the State's integrated solid waste management plan.

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

Your Committee is in agreement that a revision of the 1991 plan is necessary to coordinate the county integrated solid waste management plans which were developed in 1992 and 1993.

It should be noted that your Committee supports the suggestion by the Director of Health that the funds for this revision could be expended from the environmental management special fund through a one time increase in the fund's expenditure ceiling, if the Committee on Ways and Means should so choose. In that event, this bill would become unnecessary.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 178 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 80 (Majority) Health and Environment on S.B. No. 179

The purpose of this bill is to extend the existence of the Governor's Committee on Human Immunodeficiency Virus ("HIV")/Acquired Immunodeficiency Syndrome ("AIDS") and to appropriate \$33,000 to the committee for operational costs.

Your Committee heard testimony in favor of the bill submitted by the Director of Human Services, Governor's Committee on HIV/AIDS, Aids Community Care Team, Maui Aids Foundation, and a concerned Hawaii resident. The Director of Health supported the intent of the bill but testified against establishing the committee in statute and against the diversion of funds to the committee.

Your Committee finds that continuation of the Governor's Committee on HIV/AIDS is important to a coordinated response to the HIV/AIDS problems in our community.

Your Committee amended this bill by placing the Governor's Committee on HIV/AIDS within the Office of the Director of Health, by requiring that the Governor's Committee give preference for hiring to persons with HIV/AIDS whenever possible, and by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 179, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 179, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Slom). Excused, none.

SCRep. 81 Health and Environment on S.B. No. 377

The purpose of this bill is to allow health care providers to report a patient's blood alcohol content to the police if the patient has been involved in a motor vehicle accident and the patient's blood alcohol content exceeds the legal intoxication limit.

Your Committee received testimony in support of the bill from the Hawaii Medical Association, Mothers Against Drunk Driving, and two doctors of medicine.

Your Committee finds that the bill would provide health care providers with immunity from civil liability when divulging patient intoxication information to law enforcement agencies. In doing so, law enforcement agencies would be better able to enforce DUI laws on intoxicated persons involved in motor vehicle accidents.

Your Committee has amended the bill by requiring, rather than allowing, health care providers to report such information to law enforcement authorities and by making a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 377, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 377, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 82 Health and Environment on S.B. No. 378

The purpose of this bill is to appropriate \$500,000 from the Environmental Response Revolving Fund for an Air Dispersant Delivery System (ADDS).

Your Committee received testimony in support of the bill from the Department of Health, BHP Hawaii, Chevron, Hawaiian Electric Company, the Hawaii Fueling Facilities Corporation, and the Clean Islands Council.

Your Committee finds that in general, Hawaii is well prepared to respond to a major oil spill with mechanical recovery and alternative technologies. The Regional Response Team has approved agreements to allow burning of oil on water and the application of dispersants in certain situations in Hawaii waters. To implement these agreements, the oil industry, the State, and the U.S. Coast Guard have been sharing the cost of equipment, maintenance, and training. The oil industry in Hawaii has spent considerable funds developing a limited dispersant application system by stock piling dispersants, purchasing application equipment, and arranging for helicopter delivery. Furthermore, the oil industry has taken the lead in purchasing a fire boom which will burn oil on water.

Your Committee also finds that the State's existing dispersant application capability is limited in range and coverage. If the State were to experience a significant oil spill, our needs would easily exceed our current capability. As such, the purchase of an Air Dispersant Delivery System (ADDS) would make the State much more prepared to respond to a significant oil spill.

Due to the potential economic and environmental impacts of a significant oil spill, your Committee recognizes that response preparedness must be a joint effort including the State, the industry, and the U.S. Coast Guard. Furthermore, your Committee understands that if the State purchases the ADDS package, industry will ensure that it is properly maintained, and the U.S. Coast Guard will ensure that aircraft and pilots are available for training and actual response.

It should be noted that your Committee supports the suggestion by the Director of Health that the funds for this purchase could be expended from the environmental response fund through a one time increase in the fund's expenditure ceiling, if the Committee on Ways and Means should so choose. In that event, this bill would become unnecessary.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 378, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 378, .D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 83 Health and Environment on S.B. No. 750

The purpose of this bill is to appropriate \$1,105,000 and \$810,000 for fiscal years 1997-1998 and 1998-1999, respectively, for capital improvements to Kahuku hospital to meet building and safety standards.

Your Committee heard testimony in favor of this bill submitted by the Kahuku Hospital and the Hawaii Nurses' Association. Kahuku Hospital recommended that S.B. No. 1909, a similar but broader measure which was introduced subsequent to this bill, be considered for passage in place of this bill because the appropriations requested in this bill are included in S.B. No. 1909.

Your Committee incorporated the recommendation of Kahuku Hospital and amended this bill by deleting its entire contents and replacing it with the contents of S.B. No. 1909.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 750, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 750, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 84 Health and Environment on S.B. No. 1088

The purpose of this bill is to amend the state endangered species law by incorporating the interagency cooperation requirements imposed by section 7 of the federal Endangered Species Act.

Your Committee heard testimony supporting the intent of the bill submitted by the Chairperson of the Board of Land and Natural Resources (BLNR) and the Sierra Club, Hawaii Chapter. The Land Use Research Foundation of Hawaii and Hawaii Island Contractors' Association submitted testimony against the measure.

The Chairperson of the BLNR was concerned that this bill would have a major impact on the role of the Department of Land and Natural Resources in land use and indicated that additional resources would be required to carry out the purposes of this bill. The Sierra Club recommended that the language of the bill be amended to ensure that the activities of public agencies do not cause the destruction of critical habitat or jeopardize the continued existence of threatened or endangered species.

Your Committee finds that the bill does not mandate any additional service or activity by DLNR, and therefore would not have any financial impact or require additional resources.

Your Committee incorporated the language amendments recommended by the Sierra Club and amended this bill by clarifying the prohibited actions to include those actions by government agencies which would result in the destruction or adverse modification of the habitat of any threatened or endangered species.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1088, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1088, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 85 Health and Environment on S.B. No. 1363

The purpose of this bill is to expand the locations where residents with limited and temporary licenses may train in order to meet the Accreditation Council for Graduate Medical Education's (ACGME) training standards.

Your Committee received favorable testimony from the Board of Medical Examiners, the Hawaii Federation of Physicians and Dentists, the Hawaii Medical Association, two representatives from the John A. Burns School of Medicine, Hawaii Residency Programs, Inc., and the Healthcare Association.

Previous medical training emphasized hospitalization and intensive care in the hospital. Present national and state goals are to prevent illness and reduce the high cost of medical care by reducing the need for expensive hospitalization. Accordingly, there has been a change in residency training programs to emphasize preventive medicine, maintenance of good health, and health education that are best delivered in the communities and clinics where the patient resides.

Further, one of the requirements for licensure is a residency program accredited by ACGME, and ACGME requires residents to fulfill a portion of their training in ambulatory care facilities such as clinics, family health care centers, and managed-care facilities. This bill would allow residents to train in locations consistent with current health goals and to meet the requirements for licensure.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1363 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 86 Health and Environment on S.B. No. 1710

The purpose of this bill is to specify which health professionals are subject to the health care data discovery law and to clarify the parameters of discoverable materials.

Your Committee received testimony in support of this bill from the Hawaii Medical Services Association, the Hawaii Medical Association, the Healthcare Association of Hawaii, and the Hawaii Health Information Corporation. Testimony of no opposition to the bill along with recommended amendments was received from the Consumer Lawyers of Hawaii.

Your Committee believes that health care data should be used for the intended purpose of determining aggregate treatment outcomes, trends, and the quality and cost of health care. However, your Committee is aware of the possible ancillary uses of that data, particularly in the realm of litigation. Therefore, your Committee feels that further clarification of the law is necessary to strike an appropriate balance to protect all parties and to allow for the original intended use of that data.

Your Committee has amended this bill by providing that the data shall be discoverable and admissible in evidence in any civil or administrative proceeding and shall not be exempt from discovery because that data was originally submitted for purposes of the statute.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1710, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1710, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 87 Education on S.B. No. 532

The purpose of this short form bill is to effectuate its title.

Your Committee has amended this bill to require foreign students on F-1 immigration status, attending public secondary schools, to pay the unsubsidized per capita cost of education, to be determined by the Department of Education, for the intended period of study.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the action to report out S.B. No. 532, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 532, S.D. 1, and be recommitted to the Committee on Education for further consideration.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Metcalf).

SCRep. 88 Education on S.B. No. 538

The purpose of this short form bill is to effectuate its title.

Your Committee has amended this bill by inserting language recommended by public librarians to prohibit the Board of Education and the State Librarian from entering into agreements that allow outsourcing for the selection of books and other resources for the state library system that require the expenditure of public funds.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the action to report out S.B. No. 538, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 538, S.D. 1, and be recommitted to the Committee on Education for further consideration.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Metcalf).

SCRep. 89 Transportation and Intergovernmental Affairs on S.B. No. 303

The purpose of this bill is to require pawnbrokers and secondhand dealers to maintain computerized records of transactions.

Your Committee received testimony in support of this measure from the Honolulu Police Department.

Your Committee finds that a substantial number of stolen items are fenced through pawnshops. Requiring pawnshops to electronically input their information via a modem to the respective police departments would enhance the ability of investigators to identify stolen property in a timely manner and increase the return of stolen items to their respective owners.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 303 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 90 Transportation and Intergovernmental Affairs on S.B. No. 1576

The purpose of this bill is to clarify that only vehicles displaying special license plates, removable windshield placards, or temporary removable windshield placards shall be permitted to park in spaces designated for the use of disabled persons.

This bill also clarifies that the parking requirements pertain to designated spaces, whether metered or not and clarifies that the fee exemption only applies to metered spaces.

Your Committee received testimony in support of this bill from the Department of Transportation, the Commission on Persons with Disabilities, and one private citizen.

Your Committee is aware of and concerned about the growing abuses of ineligible vehicles parking in spaces reserved for disabled persons. This bill will clarify which vehicles may park in those spaces by specifying that only appropriately identified vehicles may do so.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1576 and recommends that it pass Second Reading and be referred to the Committee on Health and Environment.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Slom).

SCRep. 91 Transportation and Intergovernmental Affairs on S.B. No. 1619

The purpose of this bill is to establish uniform penalties for unauthorized or improper use of public and private parking spaces reserved for disabled persons.

This bill also clarifies the definition of "disabled person", defines "parking space reserved for disabled persons", "sign designating the parking space reserved for disabled persons", and clarifies the required conditions of use of such parking spaces.

Your Committee received testimony in support of this bill from the State Department of Transportation, the Commission on Persons with Disabilities, and one private citizen.

Your Committee believes that a strict fine of not less than \$150 and not more than \$500 will provide a much needed deterrence to the current abuse in using the handicapped parking stalls. Other provisions of this bill provide for clarification of existing law which is necessary for effective enforcement.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1619 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Slom).

SCRep. 92 Human Resources on S.B. No. 560

The purpose of this short form bill is to effectuate its title.

Your Committee has inserted contents into this bill to prohibit employment discrimination against persons receiving public assistance or general assistance.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the action to report out S.B. No. 560, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 560, S.D. 1, and be recommitted to the Committee on Human Resources for further consideration.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Baker, Levin, Anderson).

SCRep. 93 Health and Environment on S.B. No. 453

The purpose of this bill is to appropriate funds to state and county agencies to increase inspection, monitoring, and enforcement of the State's environmental and land use laws.

Your Committee heard testimony in favor of the bill submitted by the Director of Health, Chairperson of the Board of Land and Natural Resources, Director of Public Works for the City and County of Honolulu, Acting Director of Wastewater Management for the City and County of Honolulu, Democratic Party of Hawaii, and Sierra Club, Hawaii Chapter. Hawaiian Electric Company, Inc. ("HECO") and Hawaii Island Contractors' Association submitted testimony against the measure.

The Director of Health recommended amending the bill's purpose provision to indicate that more inspection and enforcement of the environmental and land use laws would occur if additional resources were made available to the state and county agencies, and that those agencies should be encouraged to engage in discussions to set funding priorities on environmental issues. HECO was critical of a legislative finding that the State's environment had been "seriously degraded" by lack of enforcement and the bill's failure to show the beneficial results of prior voluntary and cooperative efforts by private parties to achieve compliance and improve the environment.

Your Committee amended this bill by incorporating the Director's recommendations and HECO's concerns in the purpose and appropriation sections, by deleting the reference in the purpose section to the Democratic Party of Hawaii, and by making a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 453, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 453, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 94 Health and Environment on S.B. No. 835

The purpose of this bill is to provide peer review protection to physicians in a managed care organization.

Your Committee received testimony in support of the bill from the Hawaii Medical Service Association, the Hawaii Medical Association, and the Queen's Health Plans.

Your Committee finds that existing law does not extend the benefits and protections inherent in the medical peer review process to physicians practicing within health maintenance organizations (HMO), preferred provider organizations (PPO), or preferred provider networks (PPN). Because of this perceived lack of protection, physicians practicing within these settings feel at risk with respect to discovery and liability and are therefor unwilling to participate in peer review activities.

Your Committee has amended the bill by inserting definitions for health maintenance organizations, preferred provider organizations, and preferred provider networks. Your Committee has also made technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee believes that the bill should effectively ameliorate the concerns of physicians of such organizations who are apprehensive about participating in peer review activities.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 835, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 835, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 95 Health and Environment on S.B. No. 1570

The purpose of this bill is to allow clubhouse model psychiatric rehabilitation programs to deposit moneys raised through fund raising activities and dues outside the state treasury.

Your Committee received favorable testimony from the Director of Health who indicated that clubhouse model programs are the state of the art in psychiatric rehabilitation programs. Patients are referred to as members, and under supervision, allowed to develop their own program of life skills development and transitional employment. The retention of the funds is necessary to support clubhouse activities and projects, and is an essential part of the rehabilitation program.

Your Committee has amended the bill to require that the moneys be used for clubhouse activities identified by the Department of Health.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1570, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1570, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 96 Health and Environment on S.B. No. 1586

The purpose of this bill is to expand the low interest wastewater loan program under the Water Pollution Control Revolving Fund through the issuance of revenue bonds.

Your Committee received favorable testimony from the Department of Health and the Sierra Club. Since 1987 when the fund was established, the State received \$80,000,000 in federal funding. Federal funding ended in 1995 and future funding appears uncertain. The State's wastewater needs are projected to be over \$800,000,000 over the next six years. This bill will give the State the ability to meet its needs through the issuance of revenue bonds.

Your Committee amended the bill to incorporate language which would encourage the counties to tackle the problems caused by non-point source water pollution, and to make technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1586, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1586, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 97 Health and Environment on S.B. No. 1587

The purpose of this administration bill is to regulate private wastewater pumping and hauling operators under chapter 342D, Hawaii Revised Statutes (HRS), instead of chapter 340, HRS; to regulate animal wastewater and sludge under chapter 342D, HRS; and to provide consistent wastewater penalties and the authority to obtain search warrants in situations involving wastewater spills.

Your Committee received favorable testimony from the Department of Health (DOH). The Sierra Club opposed the bill because of their concern that DOH did not have enough staff to enforce and monitor existing regulations, and that it would make it easier for unscrupulous wastewater pumping and hauling operators.

Testimony by DOH indicated chapter 340B, HRS, requires the State Board of Certification to certify cesspool pumping firms. This requirement was never implemented due to lack of resources. Placing enforcement responsibilities in DOH would result in more effective enforcement since DOH has greater resources to address this problem.

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

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1587, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1587, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 98 Health and Environment on S.B. No. 1588

The purpose of this bill is to streamline the process for releasing or committing mentally incompetent persons involved in criminal cases by: allowing mental health examinations by one instead of three examiners in nonfelony cases; permitting out-patient exams; and requiring mental health treatment for conditional release patients.

Your Committee heard testimony in favor of this bill submitted by the Director of Health. The Administrative Director of the Courts submitted testimony taking no position on this bill. The Office of the Public Defender submitted testimony stating no position but offered several amendments for consideration by your Committee.

Your Committee amended this bill upon a recommendation by the Office of the Public Defender to retain the language in section 704-404(2), Hawaii Revised Statutes, providing for a prohibition against holding a defendant in a hospital or other suitable facility for greater than thirty days, and by making technical, nonsubstantive changes for purposes of drafting style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1588, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1588, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 99 Health and Environment on S.B. No. 1589

The purpose of this bill is to authorize the Department of Health to conduct child death reviews in order to better understand the incidence and causes of child death and develop methods for reducing the number of preventable child deaths.

Your Committee heard testimony in favor of this bill submitted by the Director of Health, Administrative Director of the Courts, Director of Human Services, Director of Information Practices, Police Departments of the counties of Maui, Kauai, and Hawaii, Keiki Injury Prevention Coalition, Hawaii Medical Association, Kapiolani Medical Center for Women and Children, Kapiolani Child Protection Center, Hawaii Nurses' Association, Hawaii Sudden Infant Death Syndrome Information and Counseling Program, East Hawaii Child Welfare Services Advisory Committee, and Child and Parent Advocates.

Your Committee amended this bill by making technical, nonsubstantive corrections for purposes of drafting style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1589, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1589, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 100 Economic Development on S.B. No. 419

The purpose of this bill is to implement funding to strengthen the competitive position of Hawaii's ocean R&D industry and generate needed revenues for Hawaii's economy.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, PACON International, Makai Ocean Engineering, Inc., the Democratic Party of Hawaii, Boats/Hawaii Inc., and a private citizen.

Your Committee finds that Hawaii's ocean R&D industry has increased from \$20 million to \$95 million in annual revenues between 1981 and 1994 and demonstrates considerable potential for greater growth. Exciting opportunities for R&D expansion exist in areas such as oceanography, energy, fisheries, engineering, surveying, minerals, mariculture, and marine biology.

The national and international markets for ocean R&D, however, are becoming extremely competitive. Competing regions of the United States, such as Massachusetts and Rhode Island, have begun aggressively promoting their respective interests. Internationally, government-supported programs in Canada, the United Kingdom, France, and Australia are doing likewise.

By contrast, state spending for marketing Hawaii's ocean R&D industry has been reduced in recent years, thereby placing the primarily small marine firms that comprise the industry at a distinct competitive disadvantage.

This measure will strengthen the competitive position of Hawaii's ocean R&D industry and generate needed revenues for the State's economy.

Your Committee has amended this measure by inserting \$1 as the amount of the appropriation.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 419, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 419, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Bunda, Iwase, Kawamoto).

SCRep. 101 Economic Development on S.B. No. 848

The purpose of this bill is to provide a fifty percent energy conservation tax credit for qualifying energy storage systems such as batteries, pumped-hydro, compressed air, and hydrogen-based conversion storage that shift the consumption of energy to off peak periods and increase the use of renewable energy resources. It also restricts the credit for solar energy systems for multiunit residential buildings to systems installed after December 31, 1994, rather than December 31, 1989.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, the Department of Commerce and Consumer Affairs, and Hawaiian Electric Company. Testimony in opposition to this bill was submitted by the Department of Taxation.

Your Committee finds that encouraging the use of renewable energy sources and off-peak consumption will slow the growth of fossil fuel use and electric utilities' peak loads, thus postponing the need to build costly new power plants in the State. Support for renewables will also help to retain energy dollars in the State's economy - dollars that would otherwise be spent out-of-state to import oil.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 848 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Bunda, Iwase, Kawamoto).

SCRep. 102 Economic Development on S.B. No. 849

The purpose of this bill is to appropriate \$40,000 for FY 1997-1998 for PACON International; provided that PACON International matches the funds on a dollar-for-dollar basis.

Your Committee received testimony in support of this measure from PACON International, the Department of Business, Economic Development, and Tourism, McCorriston, Miho, Miller, and Mukai, the Hawaii Chapter of the Pacific Congress on Marine Science and Technology, International (PACON), Oceanit Laboratories, Inc., Boats/Hawaii Inc., and several private citizens.

Your Committee finds that PACON International, a Hawaii nonprofit organization, was established in 1982 as a forum for the international exchange of information related to ocean science and technology. It has grown from the originating chapter in Hawaii to include East Coast and West Coast chapters on the U.S. mainland, as well as international chapters in Japan, Korea, China, Taiwan, Hong Kong, Australia, and Russia. New chapters are forming in Thailand, Singapore, Malaysia, India, Vietnam, Mexico, and Canada.

With the State's increasing focus on penetrating expanding Asia-Pacific markets and with a new emphasis on exporting Hawaii's science and technology products and services, PACON International is ideally suited to complement the State's marketing efforts.

In addition, PACON's prestigious, well-attended international conferences and meetings highlight Hawaii's leadership role in the Pacific Rim and provide an excellent opportunity for local businesses to market their products and trade expertise with the representatives of both developed and developing nations.

It is particularly important to provide continued state support for PACON International (which receives the bulk of its funding from federal and private sources) at this time to keep the headquarters of the organization in Hawaii as part of the institutional base of the State's ocean R&D industry. Other PACON chapters which enjoy considerable governmental support, particularly in Australia and Japan, have expressed serious interest in getting the headquarters moved to their countries.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 849 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Bunda, Iwase, Kawamoto).

SCRep. 103 Economic Development on S.B. No. 1426

The purpose of this bill is to amend the purpose of the Natural Energy Laboratory of Hawaii Authority (NELHA) to include ocean-related research, technology, and industry. It also expands the duties of NELHA to include supporting ocean research and technology development projects which support national and state interests, use facilities and infrastructure in Hawaii, and foster potential commercial development.

Your Committee received testimony in support of this measure from NELHA and the Department of Business, Economic Development, and Tourism (DBEDT).

Your Committee finds that the administration of the federal grant which funds the National Defense Center of Excellence for Research in Ocean Sciences (CEROS) was transferred from the High Technology Development Corporation (HTDC) to NELHA in 1996. CEROS is an entirely federally-funded program whose mission is to foster the development of marine technology in areas of dual interest both to the Department of Defense and industry. Its mission complements DBEDT's Ocean Resources Branch program to promote the development of Hawaii's ocean research and development industry.

Since its transfer in 1996 to NELHA, CEROS has attempted to assign existing contracts from HTDC to NELHA. Although this may be allowed under existing law governing NELHA, the Office of Attorney General has advised that NELHA's authority to receive federal grants and administer CEROS contracts should be clarified as set forth in this measure.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1426 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 3 (Bunda, Iwase, Kawamoto).

SCRep. 104 Economic Development on S.B. No. 1594

The purpose of this bill is to clarify the assessment from the boating special fund to the general fund for central services expenses.

Your Committee received testimony in support of this measure from the Board of Land and Natural Resources and Boats/Hawaii Inc.

Your Committee finds that after the July 1, 1992, transfer of the Boating Program from the Harbors Division of the Department of Transportation to the Department of Land and Natural Resources, the Director of Finance determined that section 36-29, Hawaii Revised Statutes, which applied the five percent special fund assessment only to the harbor special fund revenues which were not set aside or encumbered for payment of debt service on general obligation bonds, no longer applied to the boating special fund.

In spite of this determination, the debt service on general obligation bonds used for boating capital improvement projects has been, and must still be, paid from revenues in the boating special fund.

This measure specifically exempts for purposes of deduction and transfer from the boating special fund to the general fund for central service expenses, the amounts required for debt service payments. It is retroactive to July 1, 1992, the date the Boating Program was transferred to the Department of Land and Natural Resources.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1594 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 3 (Bunda, Iwase, Kawamoto).

SCRep. 105 Economic Development on S.B. No. 1793

The purpose of this bill is to appropriate \$25,000 for FY 1997-1998 to the Department of Business, Economic Development, and Tourism (DBEDT), to develop a general seafood hazard analysis and critical control point plan.

Your Committee received testimony in support of this measure from the DBEDT, Hawaii International Seafood, Inc., Nagasaki Fish, Tensuke of Hawaii, Mid-Pacific Hawaii Fishery, Inc., Boats/Hawaii Inc., Flying Seafood, Inc., PAC MAR, Inc., and a private citizen.

Your Committee finds that the U.S. Food and Drug Administration (FDA) recently mandated that, with few exceptions, seafood companies in the United States, and importers of seafood products into the United States, must operate under new hazard analysis and critical point (HACCP) based regulations. These regulations require that affected companies have in place, for implementation by the companies and verification by the FDA, an HACCP plan by December, 1997.

Unfortunately, the expertise required to develop an HACCP plan is specialized and largely outside the capabilities of most of Hawaii's seafood marketing companies. The process could also be extremely cost-prohibitive for an individual company and collectively damaging to the overall competitiveness of the State's seafood industry.

This measure will provide funds so that DBEDT can develop a general HACCP plan that can then be adapted by individual seafood companies at their expense.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1793 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 3 (Bunda, Iwase, Kawamoto).

SCRep. 106 Commerce, Consumer Protection, and Information Technology on S.B. No. 157

The purpose of this bill is to establish a chapter in the Insurance Code to deal with insurance fraud.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and State Farm Insurance Companies.

Your Committee finds that insurance fraud has been a larger problem than anticipated, and Hawaii currently has no insurance fraud statute. The cost of fraud is unfairly passed along to all policyholders in higher premiums. Your Committee agrees that in order to succeed in the fight against insurance fraud, there must be a collaborative effort between insurers, law enforcers, legislators, regulators, and the public.

Your Committee is in agreement that the bill will address this growing problem for Hawaii's consumers, by clearly defining insurance fraud, establishing procedures for reporting fraud, and establishing criminal penalties and restitution.

Your Committee has amended the definition of "no-fault insurance identification card" to refer to a more generic term, in light of the no-fault insurance bills currently being considered by the Legislature. Your Committee has made other technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 157, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 157, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 107 Commerce, Consumer Protection, and Information Technology on S.B. No. 1500

The purpose of this bill is to require insurers to file quarterly tax statements and require payment of the premium taxes on a quarterly basis, to increase the fines for late filing, to require unauthorized insurers and surplus lines brokers to pay premium taxes for any life and accident and sickness insurance, and to impose a tax on annuity insurance contracts.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, the Department of Taxation, and the Department of Budget and Finance. The Hawaii Independent Insurance Agents Association and State Farm Insurance Companies testified in support of the quarterly premium tax payment schedule. The firm of LeBoeuf, Lamb, Greene & MacRae testified regarding a technical amendment to the surplus lines brokers language. The Hawaii State Association of Life Underwriters, representatives for the American Council of Life Insurance, and State Farm Insurance Companies testified in opposition to taxing annuities.

Your Committee is in agreement that the quarterly premium tax payment schedule will benefit both the public and the Insurance Division of the Department of Commerce and Consumer Affairs. The changes are expected to reduce costs and provide for greater uniformity, as nearly all other states have adopted the quarterly filing system.

Your Committee notes that unauthorized life insurance companies collecting life and accident and sickness premiums from Hawaii residents are currently not paying tax on this business. The new tax rate is expected to generate approximately \$50,000 of premium tax.

Your Committee finds that the proposed language regarding surplus lines brokers could cause difficulties, and is in agreement to amending this section of the bill.

Your Committee finds that in regard to the taxation of annuities, life and health insurance annuities are widely recognized as economic and social necessities. Most annuities are intended to provide guaranteed retirement income as protection against the possibility of outliving one's financial resources. Currently, only nine states impose a premium on annuities and four other states have repealed these taxes in recent years. According to industry sources, two more states may be considering the repeal of their annuity premium taxes.

Your Committee has amended this bill to reflect the suggestions regarding the surplus lines insurance. Your Committee also notes that the concerns regarding taxation of annuities is well taken, and has amended the bill to delete this provision. Your Committee has made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1500, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1500, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 108 (Joint) Human Resources and Education on S.B. No. 161

The purpose of this bill is to exempt after-school, weekends, and summer recess programs conducted by the Department of Education or appropriate county agencies from child care facilities regulation.

Oral testimony in support of this measure was received from the Department of Human Services. Testimony in opposition was received from People Attentive to Children.

Upon careful consideration, your Committees have amended this bill by deleting programs conducted by county agencies. Your Committees believe that county summer fun programs are an unquantifiable risk and cannot therefore justify exempting them from regulation.

As affirmed by the records of votes of the members of your Committees on Human Resources and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 161, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 161, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 6 (Baker, Fernandes Salling, Ige, D., Levin, Metcalf, Anderson).

SCRep. 109 Human Resources on S.B. No. 412

The purpose of this bill is to create a joint legislative committee to examine the issue of financing long-term care and to produce a bill to finance long-term care for the 1998 session.

Your Committee received testimony in support of this bill from the Department of Human Services, Executive Office on Aging, Hawaii Government Employees Association, American Association of Retired Persons, Democratic Party of Hawaii, Policy Advisory Board for Elderly Affairs, ILWU Local 142, Kokua Council, Coalition for Affordable Long Term Care, Faith in Action for Community Equity, Research Information Services, and one private citizen in support of this measure.

Your Committee has amended this bill by adding an appropriation in the amount of \$1 with an effective date of July 1, 1997, to enable further discussion on the financial aspects of this measure.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 412, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 412, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 110 (Joint) Human Resources and Education on S.B. No. 739

The purpose of this bill is to clarify the coverage of workers' compensation for students in work-based learning situations.

Your Committee received testimony in support of this bill from the Department of Labor and Industrial Relations, the University of Hawaii, the Department of Education, the Hawaii School-to-Work Opportunities Executive Council, Hawaiian Electric Company, Chevron, the Leeward School-to-Work Regional Partnership, and the School-to-Work Coordinator of Campbell High School.

Upon careful consideration, your Committees have amended this bill upon the recommendation of the Department of Labor and Industrial Relations as follows:

- (1) By deleting statutory references to vocational student internship and inserting school-to-work work-based learning sponsored by the Department of Education and the University of Hawaii;
- (2) By clarifying that the work-based learning program may be paid or unpaid; and
- (3) By requiring the Department of Education and the University of Hawaii to submit a biennial report to the legislature to identify the cost impacts to the State of the workers' compensation coverage.

As affirmed by the records of votes of the members of your Committees on Human Resources and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 739, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 739, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 6 (Fernandes Salling, Fukunaga, Ige, D., Levin, McCartney, Anderson).

SCRep. 111 Human Resources on S.B. No. 1551

The purpose of this bill is to establish a single payment for residents of Adult Residential Care Homes (ARCH) and to increase the single rate by \$50 a month.

Your Committee received testimony in support of this measure from the Department of Human Services, The Primary Care Providers, Alliance of Residential Care Administrators, and United Group of Home Operators in favor of this measure.

Your Committee finds that the compression of ARCH payments from three to one will expedite the placement of individuals into ARCHs and care home operators will be compensated in a more timely manner. The Department of Human Services staff will be able to provide other needed social services such as case management, adult social services, and counseling to ARCH residents who are experiencing readjustment problems.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1551 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 112 Human Resources on S.B. No. 1553

The purpose of this bill is to exempt extended care adult residential care homes and assisted living facilities from State Health Planning and Development Agency (SHPDA) certificate of need requirements.

Your Committee received testimony in support of this bill from the Department of Human Services, the Queen Emma Foundation, Assisted Living Options Task Force, Fletcher Pacific Construction, and one private citizen in support of this measure. Testimony was also received from the State Health Planning and Development Agency, Tri-isle Subarea Health Planning Council, Kauai County Subarea Health Planning Council, Waianae Coast Subarea Health Planning Council, Windward Oahu Subarea Health Planning Council, Central Oahu Health Planning Council, and one private citizen in opposition to this measure.

Your Committee finds that exemption from the certificate of need requirement will encourage the development of extended care adult residential care homes and assisted living facilities. Both of these community based long-term care facilities would be important, less costly resources for individuals who may be seeking placement in nursing facilities.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1553 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 113 Education on S.B. No. 1137

The purpose of this bill is appropriate \$40,000 to the University of Hawaii to hire a permanent specialist to support the activities of the Pacific Congress on Marine Science and Technology (PACON) on the condition that PACON provides dollar-for-dollar matching funds to be used to hire staff.

Your Committee received testimony strongly supporting this measure from the University of Hawaii with funding reservations. PACON International; INTECH, Incorporated; McCorriston, Miho, Miller and Mukai, Attorneys at Law; and a private citizen testified in favor of this measure.

Your Committee finds that PACON International is a local not-for-profit organization established in Honolulu in 1982. PACON's goal is to disseminate the latest information in marine science and technology among marine educators, scientists, technologists, and policy decision makers in the Pacific basin. Seven major conferences have been held which brought together highly influential and prominent international educators, scientists, technologists, and policy makers. Chapters have been established in Australia, China, Japan, Korea, India, Russia, and throughout the continental USA. Chapters are being formed in far eastern Russia, Thailand, Philippines, Indonesia, and Vietnam.

Your Committee further finds that the conferences have had significant economic effects. Every other biennial conference is held in Hawaii. These conferences have generated over \$1,000,000 in revenues for our economy. In addition, these conferences allow Hawaii to showcase its research and technical accomplishments opening up opportunities for future consulting work for local businesses. Hawaii's students and educators also benefit by attending these conferences and being exposed to the foremost technology and experts in their fields.

Your Committee notes that PACON International's membership has grown from two-hundred-twenty to six hundred. PACON hopes to grow to one thousand members. Additionally, PACON's conference was the first to introduce the boom box 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 S.B. No. 1137 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Metcalf).

SCRep. 114 Education on S.B. No. 1211

The purposes of this bill are to:

- (1) Appropriate \$3,120,000 in fiscal year 1997-1998 to the Department of Education to provide stipends of \$4,000 to seven-hundred-eighty mentor teachers; and
- (2) Appropriate \$84,000 in fiscal year 1997-1998 to the University of Hawaii to allow fourteen College of Education faculty members to monitor pre-service teachers.

Your Committee received testimony supporting this measure from the the Department of Education, the University of Hawaii, and the Hawaii State Teachers Association.

Your Committee finds that this bill addresses the Board of Regents and the Board of Educations's "Agenda for Education" recommendations by:

- (1) Fostering the professional development of novice teachers;
- (2) Assisting new teachers in their retention as teachers within the Department of Education; and
- (3) Decreasing the attrition rate of teachers and the shortage of qualified teachers in the State.

Your Committee believes that a strong foundation must be laid at the initial stage of a teacher's career to promote the development of effective professionals who will have a positive impact on the achievement and development of the children of Hawaii.

Your Committee has amended this bill by:

- (1) Dividing the sum appropriated for stipends for mentors in half to span the biennium instead of just one fiscal year;
- (2) Adding an \$84,000 appropriation for fiscal year 1998-1999 for pre-service teacher monitoring; and
- (3) Reducing annual mentor teacher stipends from \$4,000 to \$2,000.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1211, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1211, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Metcalf).

SCRep. 115 Education on S.B. No. 1213

The purpose of this bill is to appropriate \$825,000 in fiscal years 1997-1998 and 1998-1999 to the University of Hawaii to provide one-hundred-fifty partial scholarships to undergraduate students, and twenty-five full time assistantships to graduate students who wish to earn teacher certification in a shortage area.

Your Committee received testimony supporting this measure from the University of Hawaii and the Hawaii State Teachers Association. The Department of Education provided testimony supporting this measure with funding reservations.

Your Committee finds that this bill addresses one of the identified needs expressed by the Board of Regents and the Board of Education's "Agenda for Education" recommendations which is to certify teachers in shortage areas such as special education, science, mathematics, Hawaiian language immersion, and vocational education. The scholarships and assistantships serve as a vehicle to recruit students into these teaching fields and to offset the critical teacher shortages in these shortage areas.

Your Committee has amended this bill by:

- (1) Reducing the sums appropriated in fiscal years 1997-1998 and 1998-1999 from \$825,000 to \$300,000;
- (2) Reducing the number of partial scholarships to undergraduate students from one-hundred-fifty to fifty;
- (3) Reducing the number of full time assistantships from twenty-five to ten; and
- (4) Specifying the annual dollar amounts of the partial scholarships and the assistantships as \$3,000 and \$15,000 respectively.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1213, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1213, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Metcalf).

SCRep. 116 Education on S.B. No. 1636

The purpose of this bill is to remove the limit on the number of members which may be appointed to the International Advisory Board of the East West Center.

Your Committee received testimony supporting this measure from the Office of the Governor and the East West Center.

Your Committee finds that with the reduction in federal support the East West Center must seek support from public and private sources in the Asia-Pacific region. The International Advisory Board plays a crucial role in advising the Board of Governors of the needs and opportunities available in the Asia-Pacific region. Increased flexibility and the capacity to respond to changes in a more timely manner can be accomplished with additional board members.

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

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1636, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1636, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Metcalf).

SCRep. 117 Education on S.B. No. 1683

The purpose of this bill is to establish a Hawaiian language college at the University of Hawaii at Hilo. The bill also appropriates unspecified sums for fiscal years 1997-1998 and 1998-1999 to support the Hawaiian language college.

Your Committee received testimony supporting this measure from the United States Senate, the Hawaiian Language Task Force, three educators from the University of Hawaii at Hilo, and a concerned citizen. Testimony opposing this measure was received from the University of Hawaii and two educators at the University at Hawaii. The Office of Hawaiian Affairs supported the intent of this bill but did not support its passage at this time.

Your Committee finds that the Big Island of Hawaii has the greatest number of native Hawaiians per capita. The University of Hawaii at Hilo (UHH) is already the home of Hale Kuamoo Hawaiian Language Center. Hale Kuamoo provides teacher training, curriculum development, indigenous outreach, research, language planning including new vocabulary development, archival work, and develops educational technology including the first indigenous language computer service in the world. Establishing a Hawaiian Language College would allow better compartmentalization and development of activities and academic programs such as teacher training and indigenous outreach.

Your Committee further finds that establishment of a Hawaiian Language College would qualify UHH for federal matching funds currently at \$3,000 per native American student in tribal colleges.

Your Committee notes, however, that there is some dissension among the various Hawaiian studies organizations and the Office of Hawaiian Affairs. In order for the Hawaiian Language College to realize its full potential it must have the full support of all Hawaiian organizations. Therefore, your Committee will allow the various organizations involved time to work out their differences. If a general consensus is not reached, your Committee will no longer support the establishment of the Hawaiian Language College. Meanwhile, this bill is being moved to your Committee on Ways and Means to keep the dialogue alive.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1683 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Metcalf).

SCRep. 118 (Majority) Education on S.B. No. 1782

The purpose of this bill is to appropriate \$25,000 to the Department of Accounting and General Services to fund the Samoan Flag Day Festival.

No testimony was received on this measure.

Your Committee finds that it is important for the people of Hawaii to retain a sense of cultural pride and to retain their ethnic identity. There is a significant Samoan population residing in Hawaii. The Samoan community has sponsored a Samoan Flag Day Festival which has attracted numerous tourists in past years.

Your Committee has amended this bill by reducing the sum appropriated from \$25,000 to \$1 in order to assess the actual funds needed to facilitate this event.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1782, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1782, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Slom). Excused, 2 (Fernandes Salling, Metcalf).

SCRep. 119 Transportation and Intergovernmental Affairs on S.B. No. 223

The purpose of this bill is to clarify the laws relating to the purchase of intoxicating liquor by a Class 14 Brewpub Licensee.

Your Committee received testimony in support of the bill from the City and County of Honolulu's Department of Finance and the County of Maui's Department of Liquor Control.

Your Committee finds that the bill clarifies the intent of how intoxicating liquor is purchased by a Class 14 Brewpub Licensee for sale to the public. Because existing law does not explicitly state that Class 14 Brewpub Licensees must purchase their intoxicating liquor from a Class 1 Manufacturer or a Class 3 Wholesale Dealer Licensee, a Class 14 Brewpub Licensee could theoretically import intoxicating liquor. The bill specifies that a Class 14 Brewpub Licensee must obtain intoxicating liquor from a Class 1 Manufacturer or a Class 3 Wholesale Dealer Licensee.

Your Committee believes that the bill clarifies the intent of the law.

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

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 120 Transportation and Intergovernmental Affairs on S.B. No. 316

The purpose of this bill is to allow police chiefs and subordinates to exercise powers outside their own counties for any law enforcement purpose within the State. Current law allows them to do so only in the pursuit of investigations commenced within their home counties.

Your Committee did not receive any testimony for this measure.

Your Committee is concerned about public safety and acknowledges that by allowing law enforcement officers to exercise all powers, privileges, and authority necessary to enforce the laws of the State, in a county other than their home county, is a step forward in curbing Hawaii's crime rate.

Your Committee amended this bill by making a technical, nonsubstantive change for purposes of style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 316, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 316, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 121 Transportation and Intergovernmental Affairs on S.B. No. 359

The purpose of this bill is to ensure consistency within county development and general plans and to encourage the low density development of lands within the State Rural District.

Your Committee received testimony in support of the bill from the Hawaii Chapter of the Sierra Club. Hawaii's Thousand Friends testified in opposition to the measure. The Department of Business, Economic Development and Tourism and the Maui County Council also submitted comments.

Your Committee finds that the bill requires that low density residential, agricultural, and public, quasi-public, and public utility facility uses within rural districts be consistent with county general and development plans. The bill also permits a minimum lot size larger than one-half acre when specified in a county development plan.

Your Committee believes that the State has a long term interest in ensuring that minimum standards of uniformity are complied with in county development plans. The bill accomplishes this purpose while still maintaining the counties' development planning authority.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 359 and recommends that it pass Second Reading and be referred to the Committee on Water, Land, and Hawaiian Affairs.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 122 Transportation and Intergovernmental Affairs on S.B. No. 1660

The purpose of this bill is to restrict the right of appeal by persons under a contractual obligation to pay a tax, to those persons actually paying the tax.

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

Your Committee finds that restricting the right of appeal only to the person who is under a contractual obligation to pay and who will actually pay the taxes, protects the right of these persons to obtain a refund in a successful appeal. This amendment addresses the problem in which a prior lessee no longer must pay the real property taxes because the later lessee is responsible, but the prior lessee can still appeal the tax.

Your Committee amended this measure by making technical, nonsubstantive changes for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1660, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1660, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 123 Transportation and Intergovernmental Affairs on S.B. No. 1844

The purpose of this bill is to broaden the power of law enforcement authorities serving search warrants.

Your Committee received testimony from the County of Maui's Department of the Prosecuting Attorney on the bill.

Your Committee finds that under existing law, police officers executing search warrants on buildings are required to ask permission of occupants for further entry into enclosed interior rooms or spaces. This requirement allows suspects to dispose of contraband or respond violently to the police search activity.

Your Committee believes that the measure will provide law enforcement officers with the legal authority necessary to ensure their safety and to secure persons or property in an efficient manner.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1844 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 124 Transportation and Intergovernmental Affairs on S.B. No. 1030

The purpose of this bill is to appropriate moneys for fiscal year 1997-1998, to the county of Kauai for plans, design, land acquisition, and construction of capital improvement projects.

Your Committee received testimony in support of this bill from the Office of the Mayor of the County of Kauai and Pacific Resource Partnership. The Department of Business, Economic Development, and Tourism submitted comments only addressing a portion of the bill which proposes the development of a film stage on Kauai. The Department expressed concerns that the development and construction of a film stage at this time may be premature.

Your Committee supports reinvigorating Kauai's economy and understands that the capital improvement projects will only serve to help the island's economy, and thus support Kauai's economic recovery by providing jobs, particularly in the construction industry.

Your Committee amended this measure by correcting the total amount of the general obligation bonds to be appropriated for the various capital improvement projects in section 1 of the bill.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1030, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1030, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 125 Transportation and Intergovernmental Affairs on S.B. No. 1303

The purpose of this bill is to allow volunteer firefighters to obtain the same insurance rate benefits as firefighters who are employed by each county fire department when volunteers are working in the capacity of a firefighter.

Your Committee received testimony in support of this bill from the Department of Transportation, State Fire Council, Hawaii Fire Chiefs Association, and the County of Hawaii Fire Department.

Your Committee finds that in order to receive the same insurance rate benefits as firefighters, volunteer firefighters must be attached to a station where one of them who has been trained and certified to drive a commercial vehicle and holds a category (3) drivers license (regular passenger car license) is on duty or at least four who have been so certified and trained and who hold category (3) licenses are members of the volunteer unit.

Your Committee finds that equitable treatment of insurance rates for paid and volunteer firefighters after appropriate training encourages partnerships between public entities and the general public and improves the skills of the volunteers. It also encourages volunteer programs, reduces the cost of government, and increases fire protection services, especially for vast rural areas of our community.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1303 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 126 Transportation and Intergovernmental Affairs on S.B. No. 1408

The purpose of this bill is to appropriate moneys from general obligation bonds for various capital improvement projects for the County of Kauai.

No testimony was received for this bill.

Your Committee supports reinvigorating Kauai's economy and understands that the capital improvement projects will be of tremendous assistance in helping the island's efforts to recover from the sluggish economy caused, in large part, by Hurricane Iniki. The capital improvement projects will provide employment opportunities for persons in the construction industry, which is the State's second largest industry.

Your Committee amended this measure by correcting the total amount of the general obligation bonds to be appropriated for the various capital improvement projects. Technical, nonsubstantive changes also were made for purposes of style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1408, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1408, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 127 Transportation and Intergovernmental Affairs on S.B. No. 1592

The purpose of this bill is to remove the Department of Labor and Industrial Relations' requirement for permitting the manufacture, sales, and transport of explosives.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations. The Department of Transportation submitted testimony in support of the intent of this measure. The Fire Department of the City and County of Honolulu testified in opposition to this bill because of enforcement concerns.

Your Committee finds that duplication of services exists between the State and counties in regards to the licensing or certifying of persons who use, store, or deal in explosives, and the reporting of the amount of explosives by location for use in emergency response planning. Streamlining the process is necessary to eliminate the existing inefficient, duplicative, and unnecessary system of overlapping jurisdictional oversight of explosives and pyrotechnics activity in Hawaii.

This measure was amended by making corrections on page three, to properly reflect the existing language in section 396-9(f), Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1592, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1592, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 128 (Majority) Economic Development on S.B. No. 1005

The purpose of this bill is to appropriate funds to promote the Hawaii Winter Baseball League.

Your Committee received testimony in support of this measure from the Hawaii Winter Baseball League. The Department of Business, Economic Development, and Tourism submitted testimony in opposition to this bill.

Your Committee finds that the Hawaii Winter Baseball League is an important and integral part of the State's tourist industry and the community in general. The League is presently comprised of four teams, the Honolulu "Sharks", West Oahu "CaneFires", Maui "Stingrays", and Hilo "Stars", and has indicated a desire to expand to a six team league by 1998, with Kauai and Kona as the likely hosts.

During the past season, the Hawaii Winter Baseball League brought together thirty-two of the top professional baseball prospects from Japan and Korea and eighty future major leaguers from twenty major league teams. Involvement with Major League Baseball may also lead to a regular season series at Aloha Stadium between the San Diego Padres and the Houston Astros.

While the mission of the League has been to develop a solid training program for professional baseball teams from the Far East and the United States, it has become, through its high quality of play, unique cultural atmosphere, and much-deserved television and media coverage in Japan and elsewhere, instrumental in promoting Hawaii as a desirable tourist destination.

Your Committee further finds that the Hawaii Winter Baseball League could be instrumental in helping to bring professional baseball spring training to Hawaii. This would be a further boon to the State's growing sports tourism industry, but appears, at the present time, to be primarily restricted by the State's lack of adequate playing facilities.

Your Committee has therefore amended this measure by making an additional appropriation for the construction of a sports recreation complex on lands made available in Oahu.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1005, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1005, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Slom). Excused, 4 (Bunda, Iwase, Matsunaga, Solomon).

SCRep. 129 Economic Development on S.B. No. 1009

The purpose of this bill is to add to the offense of assault in the second degree, injuring athletic contest officials. It also provides an exception to civil liability for athletic contest officials for acts or omissions arising out of their officiating duties and activities.

Your Committee received testimony in support of this measure from the National Federation of Interscholastic Officials.

Your Committee finds that sports officials are placed in situations where there is an increase in the possibility of being criminally assaulted and/or exposed to civil litigation stemming from their officiating duties.

In Hawaii, at least three serious incidents involving assaults on officials have occurred in the past year. The threat of physical harm, coupled with the threat of civil liability, are making it increasingly more difficult to attract high-quality officials to work the State's sporting events.

Approximately sixty percent of the states have already enacted, or have pending before their legislatures, proposals to elevate the penalties for criminal assaults upon sports officials, some version of a limitation or exception to civil liability for sports officials, or both.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1009 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Bunda, Iwase, Matsunaga, Solomon).

SCRep. 130 Economic Development on S.B. No. 1018

The purpose of this bill is to increase the solar energy systems tax credit from thirty-five percent to fifty percent, and to extend the credit for ten years, from January 1, 1999, to January 1, 2009.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, the Department of Commerce and Consumer Affairs, Hawaii Renewable Energy Alliance, Sierra Club, Hawaii Chapter, Grand Solar, Inc., Affordable Solar Contracting, Hawaii Solar Energy Association, Pacific Solar, Hawaiian Electric Company, Inc., Inter-Island Solar Supply, and several private citizens. Testimony in opposition to this bill was received from the Department of Taxation.

Your Committee finds that providing tax credits for renewable energy systems, including solar energy devices, helps to increase Hawaii's energy independence and reduce the amount of energy dollars leaving the State to purchase fossil fuels. These credits also help to support the vitality and competitiveness of Hawaii's innovative renewable energy industry, thus diversifying the State's economic base.

Your Committee further finds that since 1988, the average monthly electric bill for residential customers in the State has increased between 64 and 76 percent, depending on the island. In light of these large hikes, it is important to offer reasonably priced energy efficiency programs to consumers. This measure benefits not only customers who take advantage of the tax credit, but also those who merely see a delay in electric rate increases resulting from the reduced demand for electric power.

Your Committee has amended this measure by:

- (1) Increasing the cap on solar energy systems tax credits for new and existing single family residential buildings, from \$1,750 to \$2,500, and the cap for new and existing multiunit buildings used for residential purposes from \$350 to \$500; and
- (2) Extending the credit for the installation of wind energy, heat pump, and ice storage systems for ten years, from January 1, 1999, to January 1, 2009.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1018, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1018, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 3 (Bunda, Iwase, Kawamoto).

SCRep. 131 (Majority) Economic Development on S.B. No. 1112

The purpose of this bill is to appropriate funds to promote existing golf events in Hawaii which are televised nationally and internationally. It also provides that each event shall receive not less than a specified amount of the total appropriated sum, and that the private sector shall match the State's appropriation on a three-to-one basis.

Your Committee received testimony in support of this measure from the Mayor of the County of Hawaii, the consultant to Mauna Lani Resort, Inc. and the Senior Skins Game, the Big Island Chapter of the Hawaii Visitors & Convention Bureau, Lincoln-Mercury Kapalua International, Hyatt Regency Kauai Resort and Spa, Poipu Beach Resort Association, Maui Visitors Bureau, Kaanapali Classic Senior PGA Tour, Kawaihoa Development, and the Hawaii Hotel Association. The Department of Business, Economic Development, and Tourism, submitted testimony in opposition to this bill.

Your Committee finds that Hawaii has seen a direct positive economic impact from the four nationally and internationally televised golf events in the State - the Senior Skins on the island of Hawaii, the Lincoln-Mercury Kapalua International and the Hyatt Regency Kaanapali Classic on the island of Maui, and the Master Card PGA Grand Slam of Golf on the island of Kauai.

These established golf tournaments have generated hundreds of hours of television coverage throughout the United States, Japan, and many other countries via network and cable television. The number of viewers watching these golf events throughout the years has totaled over two-hundred million. In addition, it has been estimated that print coverage generates over a billion media impressions in newspapers and magazines annually.

The exposure resulting from these golf events promotes Hawaii as a desirable visitor destination and encourages the expansion and attraction of businesses by enhancing Hawaii's image as a health and fitness mecca. Participants and spectators who come to Hawaii especially for these golf tournaments also provide direct support to airlines, hotels, restaurants, and other segments of our visitor industry.

The increasing costs associated with hosting these fine golfing events continues to escalate annually. Even with additional private sector funding secured every year, continued State funding is crucial to the future of keeping these fine events in Hawaii. This is especially important at a time when other major visitor destinations are competing to take these events away from the State.

Your Committee has amended this measure by inserting \$1 as the amount appropriated.

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

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, 1 (Slom). Excused, 4 (Bunda, Iwase, Matsunaga, Solomon).

SCRep. 132 Economic Development on S.B. No. 1425

The purpose of this bill is to extend the maximum term of any energy performance contract from ten to fifteen years and to require that any energy performance contract provide that total payments shall not exceed total savings.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development (DBEDT), and Tourism, and Hawaiian Electric Company, Inc.

Your Committee finds that under current law, cost-effective lighting retrofits which have a short payback period are easily covered within the allowable ten-year term for performance contracts. In contrast, large and aging equipment with high capital replacement costs, such as chillers and other major air conditioning replacements, may have payback periods longer than ten years. State agencies needing complex retrofits may therefore be restricted from making prudent energy saving investments under current law.

Your Committee finds that extending the current term limitation for energy performance contracts an additional five years, to fifteen years, will ensure that the State is able to take full advantage of the widest range of energy saving technologies and investments.

Your Committee has amended this measure, at the suggestion of DBEDT, by giving it retroactive effect upon all existing energy performance contracts executed by any agency under section 36-41, Hawaii Revised Statutes. Your Committee has also made several technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1425, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1425, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 3 (Bunda, Iwase, Kawamoto).

SCRep. 133 Economic Development on S.B. No. 1598

The purpose of this bill is to:

- (1) Limit the number and type of aquatic life that may be taken with a small mesh net;
- (2) Permit traps with at least one escape opening to have smaller than minimum mesh size subject to departmental rule;
- (3) Delete the commercial marine license fee waiver for fishermen "trainees";
- (4) Provide the Department of Land and Natural Resources (Department) with flexibility to exempt certain commercial marine licensees from having to report monthly; and
- (5) Clarify when the Department must report on wet weight harvests.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources. Testimony in opposition was received from Boats/Hawaii Inc.

Your Committee finds that current law allows a person to use a hand net or scoop net of smaller mesh to take fish or other marine life for noncommercial purposes only. However, current law is silent as to the number and type of aquatic life that may be taken. This measure limits the number and type of aquatic life that may be taken with a small mesh net.

Your Committee further finds that current law sets the legal minimum mesh size for traps made of plastic, wire, or other stiff material to protect undersized lobsters and other marine life. Traps with escape openings, such as those being used within the Northwestern Hawaiian islands, but prohibited within the main Hawaiian islands, provide for adequate escape despite the smaller than minimum mesh size. This measure authorizes the Department to establish rules allowing the use of these traps with at least one escape opening within the main Hawaiian islands.

Your Committee further finds that current law provides a fee waiver for fishermen "trainees". Since the trainee program is no longer in operation, this measure repeals the fee waiver.

Your Committee further finds that current law requires all commercial marine licensees to submit monthly reports of marine life taken. This measure provides that a report shall only be required upon the written demand of the Department.

Your Committee further finds that the Department is required under current law to report to the public on any wet weight harvest to certain precious corals. This measure clarifies that the Department need only report if there actually is a wet weight harvest.

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

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1598, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1598, S.D. 1, and be referred to the Committee on Water, Land, and Hawaiian Affairs.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Bunda, Iwase, Kawamoto).

SCRep. 134 (Majority) Economic Development on S.B. No. 1806

The purpose of this bill is to appropriate funds to support continued sports tourism development, promotion, and marketing activity by the State.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism (DBEDT), the United States Olympic Committee-Hawaii, C. Brewer and Company, Limited, the Chamber of Commerce of Hawaii, Hawaii Pacific Sports, Inc., the Hawaii Hotel Association, and several private citizens.

Your Committee finds that well-established sporting events like the NFL Pro Bowl, the Hawaii Winter Baseball League, and four major Hawaii-based professional golf tournaments, promote Hawaii as a desirable visitor destination through national and international television exposure, and encourage the expansion and attraction of businesses by enhancing Hawaii's image as a health and fitness center. Participants and spectators who come to Hawaii especially for these events also provide direct support for our visitor industry.

Currently, the Hawaii Visitors and Convention Bureau has responsibility for the promotion and marketing of major sporting events as part of their overall tourism plan. DBEDT's primary focus, in contrast, has been on providing seed money for new and developing sports events that may support and stimulate local businesses and create jobs.

DBEDT has worked, however, on occasion with the private sector in bringing other major sporting events to Hawaii. As an example, DBEDT has worked with and continues to work with Hawaii Pacific Sports, Inc., a private nonprofit corporation (HPS), with regard to, among other things, promoting Hawaii as the potential site of the Olympic training camp and related activities prior to and after the completion of the Summer Olympics in Australia in the year 2000. Through the efforts of HPS, Hawaii was recently named the site of the U.S. ParaOlympics Team Processing Camp next year, prior to the Nagano Winter ParaOlympics.

DBEDT has also indicated that it is working closely with the Aloha Stadium Authority and the private sector to attract major league baseball games to the State, and with the Department of Transportation to promote the Trans-Koolau race.

Your Committee finds that while sports tourism is a large and rapidly growing segment of our visitor industry, with great potential for expansion, competition is intensifying among major destinations around the world. Over the past two decades, nearly every major visitor destination in the country has formed an independent or cooperative effort to develop and promote its sports tourism industry. More than 200 such organizations now formally exist on the mainland. This measure is an important investment in developing, promoting, and ensuring the competitiveness of Hawaii's sports tourism industry.

Your Committee has amended this measure by inserting \$1 as the appropriation amount for each of the fiscal years covered.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1806, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1806, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Slom). Excused, 4 (Bunda, Iwase, Matsunaga, Solomon).

SCRep. 135 Government Operations and Housing on S.B. No. 680

The purpose of this bill is to expressly allow condominium associations to use a cash flow method to calculate their reserve fund requirements.

Your Committee received favorable testimony from: the Real Estate Commission, Armstrong and Associates, Inc., the Community Associations Institute, and the Real Property and Financial Services Section of the Hawaii Bar.

Presently the law appears to only permit the per cent method to calculate reserves, that is the ratio, at a specific time, of the actual reserve balance to the fully funded balance expressed as a percentage. The per cent method often results in fluctuating and unnecessarily high maintenance fees.

The cash flow method allows the condominium association to examine the financial effect of the budgeted reserve contributions and estimated expenses over a minimum twenty year period. If the estimated reserves in each of the twenty years is sufficient to pay the estimated expenses for that year the fund is considered to be fully funded. The benefits of the cash flow method are that: it creates a more accurate budget, puts less of a burden on the homeowners maintenance fees, provides for immediate 100 per cent funding, and presents the budget in more understandable terms for owners, and buyers.

Your Committee has amended this bill to require that an association disclose whether the amount the association collects for the fiscal year was calculated by the per cent method, or the cash flow method, and that the plans or methods not circumvent the estimated replacement reserves determined by the reserve study. Technical, nonsubstantive amendments were also made for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 680, as amended herein, and recommends that it pass

Second Reading in the form attached hereto as S.B. No. 680, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 136 Government Operations and Housing on S.B. No. 681

The purpose of this bill is to provide members of planned community associations with basic procedural rights similar to those provided condominium associations and cooperative housing associations.

Your Committee received favorable testimony from: the Real Estate Commission, the Department of Commerce and Consumer Affairs (DCCA), the Mililani Association, and the Community Associations Institute.

Your Committee has amended the bill to incorporate suggestions by the Real Estate Commission and DCCA to:

- (1) Conform the proxy requirements to the condominium proxy requirements;
- (2) Provide that in unsuccessful suits against the association costs and attorneys' fees shall be awarded unless the suit was commenced in small claims court or the owner sought to resolve the dispute through mediation prior to filing suit; and
- (3) Eliminate the provision that exempted collection agencies employed by the planned community associations from the protections afforded to consumers under chapter 443, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 681, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 681, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 137 Government Operations and Housing on S.B. No. 682

The purpose of this bill is to provide a more equitable system of lien priority for condominium associations by:

- (1) Giving condominium association liens limited priority for unpaid common expenses incurred within the six months immediately preceding commencement of any legal proceeding to collect amounts due the association or the mortgagee;
- (2) Providing that when title is acquired by the mortgagee, unpaid common expenses shall be deemed to be common expenses collectible from all apartment owners including the mortgagee;
- (3) Providing that when title is acquired by a person, other than a mortgagee, that person is jointly and severally liable with the former owner for the unpaid expenses that became due within the six months preceding the commencement of the legal proceeding; and
- (4) Creating an additional lien for costs and expenses incurred in the collection of unpaid expenses.

Your Committee received favorable testimony from the Hawaii Real Estate Commission, the Community Associations Institute, and an individual who serves on the board of directors of several condominiums and manages other condominiums.

Testimony revealed that condominium associations are faced with several inequities in the foreclosure of an apartment. First, because the mortgage often exceeds the value of the apartment there are no funds from the sale of the unit to pay the condominium associations' claims for unpaid expenses. Second, during the foreclosure process, the condominium association often pays to operate the apartment and thus protects the mortgagee's security, but receives nothing from the foreclosure proceeds. Third, the condominium association often must absorb the costs and expenses associated with collecting from delinquent apartment owners in foreclosure actions.

Your Committee finds that the enactment of this measure will establish a fairer and more equitable division of the costs of foreclosure by giving the association a limited share of the sales proceeds as well as relieve them from the further burden of having to pay for the costs and expenses of collecting from delinquent apartment owners in a foreclosure action.

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

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 682, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 682, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 138 (Joint) Government Operations and Housing and Transportation and Intergovernmental Affairs on S.B. No. 871

The purpose of this bill is to form a task force to assist the Department of Business, Economic Development, and Tourism in streamlining and facilitating the state permit approval process through a consolidated application process, and thereby hopefully spurring economic recovery.

Your Committees received favorable testimony in support of the bill or the intent of the bill from: the Office of Planning, the Director of Health, and the Consulting Engineers Council of Hawaii. Testimony opposed to the bill was received from: the Department of Land Utilization of the City and County of Honolulu, the Hawaii Chapter of the Sierra Club, and Hawaii's Thousand Friends.

Several concerns about this measure were raised by the proponents and opponents of this measure as follows:

- (1) The Office of Planning and the Department of Health both indicated that the task force should not have the power to determine which permits should be processed by rule or review;
- (2) The Office of Planning further objected to the requirement that the State be subject to the county permit process when county services are impacted by a State project as a limitation on the State's sovereignty;
- (3) The Consulting Engineers Council of Hawaii expressed concern that the bill required design professionals to certify that a project complies with state rules;
- (4) The Department of Land Utilization objected to exempting state projects from county permit processes when there were no county services impacted; and
- (5) The Sierra Club and Hawaii's Thousand Friends opposed the bill because there was no provision for community input on the task force and the fear that such concerns would be ignored to the detriment of the community and the preservation of natural resources.

In response to the concerns raised your Committees amended the bill to:

- (1) State that the task force shall consist of 11 members to be appointed by the Governor pursuant to section 26-34, Hawaii Revised Statutes, who shall serve without compensation, but shall be reimbursed for expenses necessary to perform their duties;
- (2) Provide that the task force shall also have members representing labor and management, and representing community interests, native Hawaiian rights, and the preservation of natural resources;
- (3) Provide that the task force shall only recommend which permits will be processed by rule or review; and
- (4) Delete those provisions requiring that design professionals certify that projects comply with state rules, and those provisions requiring county permits for state projects which impact county services.

As affirmed by the records of votes of the members of your Committees on Government Operations and Housing and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 871, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 871, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Matsunaga).

SCRep. 139 Government Operations and Housing on S.B. No. 873

The purpose of this bill is to require the Chief Procurement Officer to adopt rules to enable small businesses to submit competitive sealed bids or proposals for site work if a procurement for construction exceeds \$10,000,000.

Your Committee received testimony in opposition to this bill from the Department of Accounting and General Services and from the State Procurement Office. Concern was raised that site work is not generally separated from the rest of the project and could cause coordination problems. Further, procurement rules are normally adopted by the Procurement Policy Board, not the Chief Procurement Officers.

Notwithstanding the concerns raised, your Committee understands that small local contractors are often unable to participate in large projects as they lack the necessary financial resources to undertake such large projects. This bill will allow them to partake in these projects to a certain extent.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 873 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 140 Government Operations and Housing on S.B. No. 1369

The purpose of this bill is to authorize the chief procurement officer to credit the years a person may have filed state taxes as an officer or owner of a business entity prior to its reorganization in order to qualify for the bidding preference given to local contractors under section 103-45.5, Hawaii Revised Statutes.

Your Committee received favorable testimony from the Associated Builders and Contractors of Hawaii who supported the bill because it removed some of the inequities created by the bid preference law.

Testimony in opposition to the bill was received from: the Department of Taxation, the State Procurement Office, and the Hawaii Operating Engineers Industry Stabilization Fund. The Department of Taxation objected to the bill on the grounds that the bill would impose a tremendous administrative burden on the Department in effect requiring the Department to conduct an audit to trace tax payments, tax returns filed, and to determine the relationship of these returns and payments to the shifting of assets and liabilities among business entities. The State Procurement Office opposed the bill on the basis that tax clearances are not among the Chief Procurement Officer's responsibility. The Hawaii Operating Engineers Industry Stabilization Fund objected to the bill on the basis that there was no express requirement that the taxes were paid.

Your Committee has amended this bill to address some of the concerns raised by setting time limits for the filing of a petition for preference status and by setting forth guidelines to be used in making a decision on a petition for preference status.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1369, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1369, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 141 Government Operations and Housing on S.B. No. 1372

The purpose of this bill is to increase the small purchase level for services to \$50,000, and to increase the small purchase level for construction to \$100,000.

Your Committee received testimony supporting the intent of the bill from the State Procurement Office (SPO), and testimony in opposition to the bill from Pacific Resource Partnership (PRP). Both SPO and PRP were concerned that raising the small purchase levels would undercut the rationale for the formal bidding process which is to obtain the best price while providing an open and fair process to all potential bidders.

Your Committee has amended the bill to decrease the small purchase levels for construction to \$50,000.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1372, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1372, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 142 Government Operations and Housing on S.B. No. 1391

The purpose of this bill is to reduce the paperwork burden resulting from state information reporting requirements.

Your Committee received favorable testimony from: the National Federation of Independent Business, Nagamine Engineers Inc., the Hawaii Restaurant Association, the Hawaii Congress on Small Business, the Small Business Council, the Chamber of Commerce of Hawaii, J.W. Inc. General Contractor, the Building Industry Association of Hawaii, and a concerned citizen. The Director of Business, Economic Development, and Tourism supported the intent of the bill.

Your Committee amended the bill to clarify that the information collection burdens to be reduced by five per cent during each fiscal year between 1997 and 2001 were those burdens imposed by the State.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1391, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1391, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 143 Government Operations and Housing on S.B. No. 1419

The purposes of this bill are to:

- (1) Create a new statute for purchases of health and human services;
- (2) Create a new statute for grants and subsidies;
- (3) Repeal chapter 42D, Hawaii Revised Statutes, Act 194, Session Laws of Hawaii 1992, and Act 118, Session Laws of Hawaii 1995, and to make other conforming amendments to state law; and
- (4) To appropriate funds to implement the bill.

Your Committee received favorable testimony in strong support of the bill from the State Procurement Office, the Director of Human Services, the Director of Health, the Office of Youth Services, the Office of Community Services, the Hemophilia Foundation of Hawaii, Ka Lima O Maui, the Alliance for Health and Human Services, the acting chair of the Purchase of Services Advisory Council, Mental Help Hawaii, and the Waikiki Health Center.

Although all testifiers were in strong support of this measure a number of amendments were suggested for purposes of clarity. Your Committee accordingly amended the bill to:

- (1) Delete the definitions of "grant" and "subsidy" from the new chapter dealing with purchases of service;
- (2) Amend the definition of "health and human services" to include services which maintain health or social well-being;
- (3) Provide that members of the community council being established under the new purchase of services chapter be persons with experience and knowledge in health and human services;
- (4) Provide that the duty of the Administrator of the State Procurement Office to provide a training program is ongoing, and not just for the implementation period of the bill;
- (5) Provide that the amounts appropriated shall be \$300,000; and
- (6) Make technical, nonsubstantive amendments for clarity and style, including:
 - (a) Renumbering Section 3 of the bill to Section 4, and renumbering Section 4 of the bill to Section 3; and
 - (b) Replacing Sections 5, 7, 8, and 12 with more technical language concerning the effective dates of the sections of the bill, and conforming amendments to other chapters of the Hawaii Revised Statutes.

A concern raised through the testimony of the providers of services was that the Procurement Policy Board established under chapter 103D-201, Hawaii Revised Statutes, lacked input from persons with a health and human services perspective. There was a suggestion to amend the membership of the Board to include persons with such a perspective. Your Committee declined to incorporate such an amendment in this bill, but instead will take it up under an appropriately entitled measure.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1419, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1419, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 144 Government Operations and Housing on S.B. No. 1701

The purpose of this bill is to authorize the Hawaii Housing Authority (HHA) to enter into negotiations with the Waimanalo Housing Resident Association (WHRA) for the sale of the dwelling units and underlying state lands to the WHRA.

Your Committee received favorable testimony from: WHRA, and a number of Waimanalo residents. Testimony in opposition to the bill was submitted by HHA who objected on the grounds that the property was ceded lands which by statute must be sold at fair market value, which includes the value of improvements, twenty percent of which goes to the Office of Hawaiian Affairs.

Concern was also raised that the federal Department of Housing and Urban Development (HUD) would not approve the sale because there are approximately 9,000 applicants on the waitlist for housing and the sale would reduce the inventory of housing available. Further HUD has committed to provide \$8,000,000 for modernizing the housing units, and, as a condition for such funding, HHA agreed not to sell the units and has used part of the HUD money.

Notwithstanding the concerns raised, it is a high state priority to provide home ownership to low income residents, and not all avenues toward achieving that goal in this instance appear to have been exhausted. Authorizing HHA to enter negotiations may accomplish this.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1701 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 145 Government Operations and Housing on S.B. No. 1854

The purpose of this bill is to authorize the Housing Finance and Development Corporation (HFDC) to encourage the private sector to meet the need for affordable rental units by granting an exemption from the general excise tax to for-profit developers who develop affordable rental projects without government assistance.

Your Committee received favorable testimony from: the Land Use Research Foundation, Gentry Companies, and the American Association of Retired Persons. Testimony supporting the intent of the bill was received by the Department of Taxation (DOTAX) and HFDC. Both DOTAX and HFDC suggested the bill be held in preference to S.B. No. 1476 an administration measure which provides a tax credit for first time home buyers. Your Committee notes, however, that S.B. No. 1476 would not accomplish the purpose of this bill to encourage the development of affordable rental housing.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1854 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 146 Education on S.B. No. 195

The purpose of this bill is to amend the employees' annuity contract law to allow the Department of Education and the University of Hawaii to invest in custodial accounts.

Your Committee received testimony supporting this measure from the University of Hawaii Professional Assembly. Testimony received from the Department of Accounting and General Services deferred to the recommendation of the Department of Education and the University of Hawaii. Testimony was received from the Department of Education and the University of Hawaii generally supporting this measure.

Your Committee finds that this measure enhances employee benefits to include opportunities for employees to invest tax sheltered income into mutual funds.

Your Committee also finds that it is in the State's best interest to limit its liability under this program and in doing so, prevent any misunderstanding by employees or companies offering annuities or mutual funds regarding state protection from participation.

Your Committee has amended this bill by adding a new section which limits the State, Department of Education, and University of Hawaii's liability for sums deferred or the performance of any investment product under this chapter.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 195, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 195, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Metcalf).

SCRep. 147 Education on S.B. No. 388

The purpose of this bill is to prohibit unaccredited institutions from issuing undergraduate, masters, and law degrees. Additionally, prohibits unaccredited institutions from issuing a law degree if it is not accredited by the American Bar Association.

Your Committee received testimony supporting this measure from the Department of Commerce and Consumer Affairs, the University of Hawaii, the University of Phoenix, and the University of Hawaii Professional Assembly. Testimony opposing this measure was received from the International University of Professional Studies, the University of Nations, and Greenwich University. The Accrediting Commission for Senior Colleges and Universities of the Western Association of Schools and Colleges provided testimony explaining the accreditation procedure and making recommendations.

Your Committee finds that Hawaii's unaccredited degree-granting institutions operate virtually without regulation. Hawaii is recognized as the diploma mill state. Presently, there are no minimum educational standards such as student-teacher ratio requirements, no classroom requirements, and no curriculum requirements.

Your Committee further finds that as other states have strengthened their laws, unaccredited institutions have shifted their degree-granting authority to Hawaii's venue. Typically, the move is purely a paper one, no faculty, classrooms, or students are physically relocated, and little general excise tax revenue is generated. More importantly, Hawaii's reputation as a diploma mill state diminishes the value of degrees from Hawaii's accredited institutions.

To further strengthen this measure, your Committee has amended this bill to by:

- (1) Including a definition section;
- (2) Including a requirements of accreditation section;
- (3) Including an unauthorized representation section;
- (4) Including an accreditation verification section;
- (5) Including a notice to the director section;
- (6) Including an advisory board section;
- (7) Including an exceptions section;
- (8) Including a powers and duties of the director section; and
- (9) Adding a subsection to section 446E-5, Hawaii Revised Statutes, that requires unaccredited institutions to become a candidate for accreditation within three years of establishment.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 388, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 388, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Metcalf).

SCRep. 148 Education on S.B. No. 1340

The purpose of this bill is to clarify the authority of the University of Hawaii to deposit donations into the athletics revolving funds, rent its facilities for non-athletic events, and keep and expend the proceeds for athletic programs. The bill also exempts the establishment and amendment of charges from chapter 91, Hawaii Revised Statutes.

Your Committee received testimony supporting this measure from the University of Hawaii.

Your Committee finds that declining general fund appropriations and allocations to the University have required the University's intercollegiate athletics programs to generate other means of financing to maintain its programs. These other means include private fundraising and new revenue generating activities involving the use and rental of University athletic facilities.

Your Committee believes these provisions would provide the University and its intercollegiate athletics programs the flexibility that would be necessary to expand its revenue base and thereby maintain the viability and quality of its services to students and the community.

Your Committee has amended this bill by clarifying that the establishment or amendment of charges are subject to chapter 92, 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 S.B. No. 1340, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1340, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Metcalf, Slom).

SCRep. 149 Education on S.B. No. 1811

The purpose of this bill is to appropriate \$400,000 in fiscal year 1997-1998 to the University of Hawaii to fill eight faculty positions in the College of Education. Those eight faculty members will focus on preparing students to teach in the shortage areas.

Your Committee received testimony supporting this measure from the University of Hawaii, the Department of Education, and the Hawaii State Teachers Association.

Your Committee finds that this bill addresses the University of Hawaii's identified number one priority as expressed by the Board of Regents and the Board of Education in the "Agenda for Education" recommendations. However, the University did not have the funds to support this initiative which would enlarge the preservice teacher preparation programs in specialty areas and allow faculty opportunities to offer post-baccalaureate and graduate preparation programs. These programs would help to increase the pool of qualified teachers statewide and decrease the current teacher attrition rate.

Your Committee requested College of Education graduation statistics from the University of Hawaii. The University provided a study based on the 1991-1992 graduating class. During that year the College of Education awarded 351 degrees. Of the 249 graduates who responded to the University's questionnaire, 143 are employed as teachers. Of those employed by the Department of Education, 22 are also continuing their education and 7 hold a second job in a nonteaching field.

Your Committee has amended this bill by appropriating another \$400,000 in fiscal year 1998-1999 to continue to support the eight faculty positions.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1811, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1811, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Metcalf).

SCRep. 150 Commerce, Consumer Protection, and Information Technology on S.B. No. 985

The purpose of this bill is to revise article 8 of the Uniform Commercial Code, relating to investment securities, and to conform various related sections of the Hawaii Revised Statutes to the revised Code.

Your Committee received testimony in support of this measure from the Hawaii Committee to Promulgate Uniform Legislation.

Your Committee finds that the amendments clarify the manner in which a creditor may perfect a security interest in investment transactions in commodity contracts and similar investments, which will facilitate lending practices in this area.

Your Committee has made technical, nonsubstantive amendments throughout the bill.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 985, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 985, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chun Oakland, Solomon).

SCRep. 151 Commerce, Consumer Protection, and Information Technology on S.B. No. 1362

The purpose of this bill is to add a definition of "demand draft" and provide transfer and presentment warranties to a drawee where a demand draft is presented for payment or acceptance.

Your Committee received testimony in support of this measure from the Hawaii Bankers Association. The Committee to Promulgate Uniform Legislation submitted comments on the bill.

Your Committee notes that this amendment to the Uniform Commercial Code provides that Automated Clearinghouse (ACH) converted transactions be subject to the sixty-day Regulation E consumer dispute right. Currently, ACH originators across the country are taking preauthorized ACH debits to consumer accounts and converting them to demand drafts. This practice effectively voids consumer dispute rights under Regulation E, and has the potential of increasing loss at the consumer's financial institution.

Your Committee is in agreement that this amendment would protect the consumer's right to dispute ACH converted electronic funds transfers from the customer's account, and provide adequately for the filing of any disputes related to these transactions.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1362 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 152 Commerce, Consumer Protection and Information Technology on S.B. No. 1417

The purpose of this measure is to allow the receipt of payments to the State to be made by electronic funds transfers and credit or debit cards in accordance with standards established by the Director of Finance, and to allow the State to make electronic funds transfers in place of warrants.

Your Committee received testimony in support of this measure from the Department of Accounting and General Services and the Department of Human Services.

Your Committee finds that the Department of Human Services is proceeding to convert its current paper-based method of issuing payments to an electronic benefits transfer (EBT) system, beginning with a pilot of the new system in late 1997. Under EBT, recipients will be able to receive food stamps and financial assistance electronically. A 1996 amendment to section 40-51, Hawaii Revised Statutes, allows the Department to issue payments with an electronic funds transfer but does not address receipt of payments in the same manner.

Your Committee is in agreement that this amendment will benefit the public, and give the State added flexibility in financial transactions.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1417 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 153 Commerce, Consumer Protection, and Information Technology on S.B. No. 1497

The purpose of this bill is to authorize the Department of Commerce and Consumer Affairs to assess fees for copies of consumer and business educational publications and to deposit these fees into the compliance resolution fund.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that consumer and business education is an essential part of the department's efforts to make businesses and consumers aware of their obligations and rights. The department prepares and publishes a wide range of educational materials, some of which are both time consuming and costly to produce.

Your Committee is in agreement that the department may recover production costs for these educational materials, and that the amendment will not affect the department's distribution of statutes or administrative rules.

Your Committee has amended the bill to require the fee assessed to have a reasonable relationship with the cost of producing the publication instead of the cost or value of services. This substitution will better reflect the fee setting methodology.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1497, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1497, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 154 Commerce, Consumer Protection, and Information Technology on S.B. No. 1486

The purpose of this bill is to eliminate the public hearing requirement for all insurance rate filings except for workers' compensation rate filings.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and State Farm Mutual Automobile Insurance Company.

Your Committee finds that Act 234, Session Laws of Hawaii, 1995, required the Insurance Division to hold public hearings on all rate filings made by insurers. To date, approximately 4,000 rate filings must be scheduled for public hearing. In 1996, the cost to publish notice of the public hearings exceeded \$60,000. Additional cost was incurred to account for personnel time to prepare, conduct, and make a final recommendation on each filing.

Additionally, since implementation of the public hearing notice requirement, only one individual has testified on a rate filing proposal.

Your Committee finds that the public hearing requirement significantly delays the decision making process, has a minimal impact on rate filings and provides few consumer benefits relative to the high cost of conducting the public hearings.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1486 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 155 Commerce, Consumer Protection, and Information Technology on S.B. No. 1493

The purpose of this bill is to conform section 428-202(a), Hawaii Revised Statutes, with the Uniform Limited Liability Company (LLC) Act and allow the formation of single member LLCs in Hawaii.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, the Hawaii State Bar Association Corporations and Securities Section, and the Hawaii Association of Realtors.

Your Committee notes that during the passage of last year's legislation which permitted the establishment of LLCs, the original proposal allowed for single member companies. The Act as adopted permitted only two person LLCs. This measure will bring the Hawaii Uniform Limited Liability Company Act, which becomes effective April 1, 1997, into conformance with the Uniform Act.

Your Committee is in agreement with this measure and has made a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1493, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1493, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 156 Commerce, Consumer Protection, and Information Technology on S.B. No. 1501

The purpose of this bill is to amend the Insurance Code by replacing the word "accreditation" with the proper term "certification". The bill also makes a technical amendment.

Your Committee received testimony in support of this bill from the Department of Commerce and Consumer Affairs.

Your Committee finds that replacing the word "accreditation" with "certification" in HRS section 431:3-301 allows the Insurance Commissioner to fast track applications by insurers for certificates of authority as this section originally intended. Under current statute, insurers are required to submit unnecessary or duplicative information.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1501 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 157 Commerce, Consumer Protection, and Information Technology on S.B. No. 1533

The purpose of this bill is to make various technical and administrative amendments to the Insurance Code.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs.

The bill amends the Insurance Code to permit an insurer domiciled in American Samoa, Guam, or the U.S. Virgin Islands to be considered a foreign insurer, thereby bringing the Code into conformity with the insurance laws of other states. The bill repeals section 431:3-211, Hawaii Revised Statutes, concerning alien reinsurers as no longer necessary. This measure also makes various technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1533 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 158 Health and Environment on S.B. No. 160

The purpose of this bill is to change the definition of "practitioner" under the State's food, drug, and cosmetics law to include persons otherwise authorized by law.

Your Committee heard testimony in favor of the bill submitted by the Board of Medical Examiners, Bay Clinic, Hawaii Academy of Physicians Assistants, Hale Le'a Family Medicine, and Longs Drug Stores. The Director of Health and Hawaii Pharmaceutical Association supported the intent of this bill but recommended clarification of the new definition to mean persons authorized by the laws of Hawaii only. The Director also recommended that the remainder of chapter 328, Hawaii Revised Statutes, be conformed to reflect the amended definition of "practitioner".

Your Committee adopted the recommendations of the Director of Health and Hawaii Pharmaceutical Association and amended the bill by:

- (1) Narrowing the scope of authorized persons who may be defined as "practitioners" to those persons authorized by state law;
- (2) Conforming chapter 328, Hawaii Revised Statutes, to incorporate the amended definition of "practitioner" for consistency and style; and
- (3) Making a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 160, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 160, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 159 Health and Environment on S.B. No. 1564

The purpose of this bill is to authorize the Department of Health to conduct epidemiologic investigations and to require that all health care providers and health facilities provide the Department with requested medical, demographic, epidemiologic, toxicologic, and environmental information.

Your Committee received favorable testimony from the Department of Health and from the Hawaii Medical Association.

Your Committee amended the bill to make a technical, nonsubstantive change.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1564, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1564, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 160 Health and Environment on S.B. No. 1568

The purpose of this bill is to regulate the retail sale of tobacco.

Your Committee received testimony in support of the bill from the Department of Health, the Department of Taxation, the Department of Finance of the City and County of Honolulu, the American Lung Association, and the Hawaii Food Industry Association. The County of Maui's Department of Liquor Control agreed with the intent of the measure but opposed it as written due to the lack of funding and enforcement provisions. The County of Kauai's Department of Liquor Control also testified on the bill.

Your Committee finds that the bill regulates the sale of tobacco products by establishing a licensure requirement to sell tobacco at retail and by requiring county liquor departments to enforce the provisions of the bill.

Your Committee also finds that the use of tobacco products by Hawaii's youth represents a public health problem of significant magnitude and concern. The present law prohibiting the sale of tobacco products to minors is not effective by itself to reduce the illegal sale of tobacco products to minors. Tobacco industry advertising targets children in order to replace the over 1,100 Hawaii resident smokers who die each year as a result of tobacco-related illness. Statistics indicate that of current smokers, ninety percent began their addictive habit before the age of eighteen years.

Moreover, the economic loss created by tobacco use in Hawaii represents an ongoing and escalating financial burden borne by every business, large and small, and every person, smoker and nonsmoker. These figures also represent a health and economic drain created by each new generation of children who begin using tobacco products and become addicted to nicotine.

Your Committee believes that promoting, protecting, and preserving the health of Hawaii's children by (1) reducing youth access to tobacco products; (2) reducing the illegal sale of tobacco products to minors; and (3) increasing the compliance with existing laws prohibiting the sale of tobacco products to minors will bring long term benefits to the health and welfare of the citizens of the State.

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

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1568, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1568, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 161 Health and Environment on S.B. No. 1569

The purpose of this bill is to increase the cigarette tax from 3 cents to 5 cents per cigarette. The bill also dedicates not more than two per cent and no less than \$500,000 each year from the cigarette tax revenues for tobacco prevention, education, and control, and for tobacco-related disease prevention activities.

Your Committee heard testimony in favor of this bill submitted by the Director of Health, Director of Taxation, Director of Budget and Finance, and American Lung Association. Testimony against this bill was submitted by the Tobacco Institute and a concerned resident of the State. The Tax Foundation of Hawaii took no position on this bill but submitted comments regarding the potential impact of the bill.

Your Committee amended this bill by:

- (1) Removing the two per cent cap on the amount of revenues generated by the cigarette tax which would be dedicated to tobacco prevention, education, and control, and tobacco-related disease prevention purposes;
- (2) Naming the Department of Health as the agency responsible for expending the amounts appropriated by the bill; and
- (3) Making technical, nonsubstantive changes for style.

Your Committee encourages the Departments of Taxation and Budget and Finance to provide additional funding to the Department of Health for the purposes of this bill if sufficient revenues are generated by the cigarette tax increase to warrant an increase in funding.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1569, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1569, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 162 Health and Environment on S.B. No. 1582

The purpose of this bill is to make an emergency appropriation for the Department of Health's Child and Adolescent Mental Health Division.

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

Your Committee finds that although funds were appropriated to the Department of Health for the Child and Adolescent Mental Health Program (Program) for the fiscal period beginning July 1, 1996, and ending June 30, 1997, a critical funding emergency now exists. The Program will expend all appropriated funds before the end of the current fiscal year, and the Department of Health will be unable to meet its fiscal obligation to provide services to emotionally disturbed children and adolescents. The increases in case referrals and court-directed placements are the primary contributing factors to this financial situation.

Your Committee believes that it is necessary to appropriate funds to prevent the reduction or discontinuance of services to emotionally disturbed children and adolescents.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1582 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 163 Health and Environment on S.B. No. 984

The purpose of this bill is to establish a Health Care Consumer Protection Act which requires insurers to provide annual notice to current enrollees apprising them of the extent of their insurance coverage and to cover necessary and appropriate medical services.

Your Committee heard testimony in favor of this bill submitted by the Hawaii Medical Association and Hawaii Nurses' Association (HNA). The HNA recommended in its testimony that the bill be amended by replacing the term "physician" with "health care practitioner".

Testimony against this bill was submitted by Director of Human Services and the Hawaii Medical Service Association (HMSA). The HMSA recommended that the provision prohibiting hold harmless clauses be clarified to identify which type of liability is intended to be covered by the provision.

The Department of Commerce and Consumer Affairs (DCCA) took no position on this bill but expressed concern that the new chapter may increase premiums and suggested that the notice requirement be made mandatory only upon request of the enrollee.

Your Committee incorporated some of the recommendations of HNA, HMSA, and DCCA, and amended this bill by:

- (1) Requiring the insurer to provide notification of the extent of coverage of the plan and any changes to the plan when a change in coverage is made;
- (2) Replacing the term "physician" with "health care practitioner" in section 2 of the new chapter;
- (3) Replacing the Department of Health with the DCCA as the agency responsible for administering this chapter;
- (4) Providing that determinations of medically necessary and appropriate treatment be made by any person designated by a health plan, but only if such persons are licensed in this State and residents of this State;
- (5) Clarifying that all liability other than errors and omissions liability of health care practitioners is covered by the prohibition against including hold harmless provisions in health plans; and
- (6) Clarifying the preemption section to state that no agency may establish insurer and insurance coverage standards which are less favorable to the consumer than the chapter's standards.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 984, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 984, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 164 Health and Environment on S.B. No. 1561

The purpose of this bill is to amend the food, drug, and cosmetics law to include new definitions, amend existing definitions, prohibit the sale of expired drugs, and restrict the distribution of formulary to pharmacists only.

Your Committee heard testimony in favor of this bill submitted by the Director of Health, Board of Medical Examiners, Hawaii Pharmaceutical Association, and Longs Drugs Stores. The Director of Health recommended minor changes replacing "pharmacist" with "pharmacy" in two sections of the bill.

Your Committee amended this bill by:

- (1) Exempting from the requirements of section 328-15, Hawaii Revised Statutes, drug prescriptions which have the name of the pharmacy, instead of the pharmacist, among other things;
- (2) Requiring the Department of Health to distribute formulary, revision, and supplements to pharmacies and any interested individuals; and
- (3) Making technical, nonsubstantive amendments for clarity and drafting style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1561, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1561, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 165 Health and Environment on S.B. No. 1566

The purpose of this bill is to establish a new chapter providing confidentiality for certain health care information and to exempt those types of information from the State's sunshine law disclosure requirements.

Your Committee heard testimony in favor of this bill submitted by the Director of Health. Testimony supporting the intent of this bill with recommendations for changes was submitted by the Director of the Office of Information Practices and the Hawaii Health Information Corporation.

Upon hearing the concerns of persons submitting testimony, your Committee intends to keep this measure alive by passing it out of this Committee to allow for further discussion.

Your Committee amended this bill by replacing January 1, 1998, with an unspecified date as the effective date of this bill, and making technical, nonsubstantive changes for purposes of legislative drafting style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1566, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1566, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 166 Health and Environment on S.B. No. 1832

The purpose of this bill is to appropriate funds for the continued operation of the Diamond Head Mental Health Center's Life Skills Program.

Your Committee received testimony in support of the bill from numerous mental health consumers.

Your Committee finds that the Life Skills Program provides many mental health consumers with the confidence and support necessary to actively participate in society. Funding this program would ensure that these mental health consumers' needs are met.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1832 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 167 Human Resources on S.B. No. 1296

The purpose of this bill is to require that sums deferred under deferred compensation plans be held in trust for the exclusive benefit of participants and their beneficiaries.

Your Committee received testimony in support of this bill from the Department of Human Resources Development and the Hawaii State Teachers Association.

Your Committee finds that this bill will protect funds from general creditors should the State or counties file for bankruptcy. Furthermore, this bill will bring the State's deferred compensation plans into line with new federal requirements.

On recommendation of the Department of Human Resources Development, your Committee has amended this bill by changing the effective date to July 1, 1997 and by making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1296, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1296, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Baker, Levin, Anderson).

SCRep. 168 (Joint) Human Resources and Economic Development on S.B. No. 1302

The purpose of this bill is to consolidate the present Advisory Commission on Manpower and Full Employment and the Vocational Education Coordinating Advisory Council into the Workforce Development Council as created by this bill.

Your Committees received testimony in support of this bill from the Department of Labor and Industrial Relations (DLIR), Commission on Employment and Human Resources of the DLIR, Department of Business, Economic Development, and Tourism, Department of Education, the University of Hawaii, and various advisory groups to the DLIR.

This bill expands the current advisory commission on manpower and full employment from thirteen members to seventeen members as the workforce development council, and provides for the composition of the council as representing specified state department heads, private business, labor, county workforce boards, and community-based organizations, including a native Hawaiian organization that operates workforce development programs.

Your Committees find that the proposal contained in this bill is the product of nearly two years of work by various groups connected with employment, education, and training programs. This administration proposal is an effort to consolidate and streamline state agencies, thus enabling government to operate more efficiently by eliminating overlapping functions.

Your Committees have amended this bill on recommendation of the University of Hawaii to provide that the Workforce Development Council's duties shall not impinge upon the constitutional or statutory duties of the Board of Regents, the Board of Education, and the Board of Vocational Education. Your Committees have also made technical, nonsubstantive amendments for clarity and style.

As affirmed by the records of votes of the members of your Committees on Human Resources and Economic Development that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1302, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1302, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 10. Noes, none. Excused, 6 (Baker, Bunda, Iwase, Levin, Matsunaga, Anderson).

SCRep. 169 Human Resources on S.B. No. 1555

The purpose of this bill is to allow the State to recover medical assistance payments regardless of how they are provided or who provides them.

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

Your Committee finds that section 346-37, Hawaii Revised Statutes, authorizes the State to recover medical or burial payments from third parties who are found to be liable for payments. Because section 346-37, Hawaii Revised Statutes, was designed for recovery under fee-for-service programs, the proposed amendment is necessary to clarify the law and bring it into conformance with recovery issues associated with prepaid health plans or managed health care for medical assistance.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1555 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 170 (Majority) Education on S.B. No. 25

The purpose of this bill is to expand the scope of the vocational student internship program to include University of Hawaii community college students.

Your Committee received testimony in support of this measure from the University of Hawaii, the Department of Education, and the Hawaii School-to-Work Opportunities Executive Council.

Your Committee finds that each year several hundred University of Hawaii students engage in vocational education internship activities which are an integral part of their certificate and degree programs. This organized work place experience provides the participating students with an excellent opportunity to put their newly learned knowledge and skills to use in today's work place.

Your Committee further finds that a number of prospective employers have expressed reservations about participating in the internship program citing concerns about liability for the student worker and the effect of participation in the employer's workers' compensation expenses. In including the university in the vocational student internship program, the State will be the responsible employer for workers' compensation coverage.

Your Committee has amended this bill by removing all references to community college students and substituting references to the University of Hawaii. This amendment will allow more students to benefit from this measure.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 25, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 25, S.D. 1, and be referred to the Committee on Human Resources.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, 1 (Ige, M.). Excused, 3 (Fernandes Salling, Ige, D., McCartney).

SCRep. 171 Education on S.B. No. 1214

The purpose of this bill is to appropriate \$1,133,796 in fiscal year 1997-1998, to allow the Department of Education to offer teacher recruitment incentives for employment in Department of Education declared teacher shortage areas and hard to staff schools.

Your Committee received testimony supporting this measure from the Department of Education. Testimony opposing this measure was received from the Hawaii State Teachers Association.

Your Committee finds that the Department of Education is experiencing great difficulty in hiring sufficient numbers of qualified special education, math, science, and other shortage area teachers.

Your Committee has amended this bill by:

- (1) Reducing the sum appropriated from \$1,133,796 to \$1,283,796, and dividing that sum for equal appropriations in fiscal years 1997-1998 and 1998-1999;
- (2) Reducing the pay to three hundred teachers employed in teacher shortage areas or hard to staff areas from \$1,500 to \$1,000;
- (3) Reducing the first year incentive and the incentive limitation at the first step of the salary range from one month's salary to one-half month's salary; and
- (4) Adding a provision for clarification that this Act shall not supersede any collective bargaining law.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1214, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1214, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Metcalf).

SCRep. 172 Health and Environment on S.B. No. 33

The purpose of this bill is to provide an incentive for voluntary citizen involvement in the enforcement of the litter laws by entitling a witness who provides videographic or photographic evidence of a littering offense to a fifty percent share of any fine imposed on the person convicted of littering.

Your Committee heard oral testimony in favor of this bill offered by a concerned citizen. Citing the Department of Health's lack of enforcement powers, the Director of Health submitted testimony opposing this bill as written. The Administrative Director of the Courts submitted testimony taking no position on the bill but offered several observations regarding the intended impact of the bill.

Your Committee incorporated the observations of the Administrative Director of the Courts and amended this bill by:

- (1) Making the granting of the witness' share of the fines contingent on the court receiving notice of the source and identity of the evidence prior to sentencing of the person convicted of littering;
- (2) Including the act of knowingly permitting a passenger in a motor vehicle to litter in the criminal littering statute; and
- (3) Repealing the offense of littering from vehicles from the motor vehicle statutes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 33, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 33, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 173 Health and Environment on S.B. No. 105

The purpose of this bill is to create a commission in the governor's office on endangered plant and animal species to develop a plan of action to protect and preserve Hawaii's endangered species, and require the commission to submit its plan to the 1998 legislature.

Your Committee heard testimony in favor of this bill submitted by Sierra Club Legal Defense Fund, Inc., and the Hawaii Audubon Society. Testimony against this bill was submitted by the Chairman of the Board of Land and Natural Resources and Land Use Research Foundation of Hawaii. The Bishop Museum submitted testimony supporting the intent of this bill but was not convinced a commission for planning purposes is required, and instead, recommended the establishment of an implementation oriented task force.

Your Committee incorporated the Bishop Museum's recommendation and amended this bill by modifying the structure and functions of the commission to more closely resemble those of a task force and directing the commission to:

- (1) Develop an overall plan of action;
- (2) Generate public support and funding for endangered species recovery;
- (3) Foster cooperation from private landowners;
- (4) Assess current resources and effectiveness of their use; and
- (5) Propose appropriate legislative changes to carry out its findings and recommendations.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 105, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 105, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 174 Health and Environment on S.B. No. 109

The purpose of this bill is to convert temporary positions in the Department of Health that provide mandated services to permanent positions.

Your Committee received favorable testimony in support of this measure from: the Department of Health, the Governor's Committee on Aids, the Aids Community Care Team, the Hawaii Government Employees Association, the Life Foundation, the Kokua Kalihi Valley Health Center, the University of Hawaii, the Kalihi Palama Health Center, the Hawaii Early Intervention Coordinating Council, and an employee of the Department of Health.

Your Committee amended the bill by amending the list of positions to be converted to address concerns raised in the testimony.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 109, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 109, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 175 Health and Environment on S.B. No. 251

The purpose of this bill is to add two members to the corporate board of the Hawaii Health Systems Corporation consisting of one at-large member and one regional member serving alternately from the counties of Kauai and Maui.

Your Committee received late testimony in favor of this bill submitted by Kaiser Permanente and Hawaii Government Employees Association.

Your Committee amended this bill by changing the regional member qualifications to require the Maui county member to be from the district of Hana or island of Lanai instead of the county of Maui generally. This amendment was made to ensure adequate representation for rural communities on the corporate board.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 251, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 251, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 176 Health and Environment on S.B. No. 944

The purpose of this bill is to create the Early Intervention Trust Fund to hold moneys from government appropriations, federal grants, and private donations to make grants for community-based, family-centered, early intervention services and to appropriate start-up moneys for the fund.

Your Committee heard testimony in favor of this bill submitted by the Salvation Army, Hawaii Early Intervention Coordinating Council, American Academy of Pediatrics-Hawaii Chapter, Inc., Parents and Children Together, National Association of Social Workers, Mental Health Association in Hawaii, Kapiolani Medical Center for Women & Children, Hawaii Family Stress Center, Imua Rehab, Parent-Child Development Center, Child and Family Service, American Speech-Language-Hearing Association, and eight concerned residents of the State. The Director of Health recognized the importance of early intervention services but endorsed the Department's administrative bills, S.B. No. 1591 and H.B. No. 1848.

Your Committee amended this bill by:

- (1) Inserting a \$6,400,000 appropriation amount in place of an unspecified amount, which amount is equivalent to the Department of Health's requested administration budget for the purposes of establishing the Early Intervention Trust Fund;
- (2) Replacing the Department of Health for the Department of Budget and Finance as indicated by the oral testimony of the Department of Health at the hearing;
- (3) Adding a new section to part XXVIII of chapter 328, Hawaii Revised Statutes, prohibiting the Department of Health from significantly reducing or eliminating early intervention services without prior legislative approval; and
- (4) Making a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 944, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 944, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 177 (Joint) Health and Environment and Human Resources on S.B. No. 495

The purpose of this bill is to ensure that primary and preventive health care services are available and accessible to the residents of Hawaii who need it most by providing adequate funds to Hawaii Qualified Health Centers (HQHCs) and subsidizing school-based clinics in Kahuku, Mililani, and Kapa'a, to provide such care.

Your Committees received testimony in support of the bill from the Hawaii State Primary Care Association, the Waianae Coast Comprehensive Health Center, and the Community Clinic of Maui.

Your Committees find that it is in the best interest of the State to ensure access to primary and preventive health care to all its residents. Hawaii has been in the forefront in promoting maximum enrollment in health insurance programs, with the nation's only mandatory pre-paid health insurance law and experiments with the State Health Insurance Program and an expanded Medicaid managed care program, QUEST. However, significant portions of the State's population continue to remain uninsured. Many of the uninsured, including native Hawaiians, immigrants, and the homeless, are at highest risk for chronic and serious health problems. Without primary and preventive care, these problems are likely to get worse and lead to increased emergency and inpatient care for uninsured patients.

Your Committees further find that the HQHCs are uniquely suited to serve the health care needs of the uninsured. HQHCs are community-based, mission-oriented nonprofit health centers which are located in areas that serve underserved populations. They are accessible to all in need of medical care regardless of ability to pay, provide the full range of primary and preventive health care, and are culturally acceptable to many of the uninsured.

Additionally, Hawaii's school-based health centers can maximize opportunities to improve the health of secondary school students. Such centers, in partnership with community-based health agencies, can promote quality of care by increasing access to care,

providing screening and risk reduction services, providing early and effective intervention services, increasing user satisfaction, and structuring a continuum of care.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 495 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 6. Noes, none. Excused, 4 (Fukunaga, Sakamoto, Tam, Anderson).

SCRep. 178 (Joint) Health and Environment and Human Resources on S.B. No. 800

The purpose of this bill is to transfer funds designated for the ICF/MR (intermediate care facilities for the mentally retarded) program authorized under Title XIX of the Social Security Act, which requires state matching funds in order to receive federal reimbursements, from the Department of Human Services Medicaid budget, HMS 230, to the Department of Health Developmental Disabilities Division budget, HTH 501. The bill also appropriates funds for fiscal years 1997-1998 and 1998-1999 to supplement the State's matching funds for the ICF/MR program within the Department of Health.

Your Committees received favorable testimony from the State Planning Council on Developmental Disabilities and the Commission on Persons with Disabilities. Testimony indicated that the Developmental Division was the appropriate agency to administer the funds for the ICF/MR program because it was the lead agency designated to develop and lead efforts to assist persons with disabilities. Moreover this would assure that state and federal moneys are used for the mentally retarded as intended. Testimony was also submitted by the Department of Health which took no position with respect to the bill.

Your Committees amended the bill to make technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 800, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 800, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 6. Noes, none. Excused, 4 (Fukunaga, Sakamoto, Tam, Anderson).

SCRep. 179 Commerce, Consumer Protection, and Information Technology on S.B. No. 145

The purpose of this bill is to repeal the tax credit for insurance companies that in Hawaii maintain books and records required by the Insurance Commissioner, employ personnel knowledgeable about the insurer's financial operations, and maintain a customer service center with employees authorized to provide specified services.

Your Committee received testimony in support of this measure from the Department of the Attorney General, the Department of Budget and Finance, and the Department of Taxation. Your Committee received testimony in opposition from the Coalition for the Hawaii Premium Tax Credit and the Hawaii Association of Domestic Life Insurers. The Tax Foundation of Hawaii provided comments on this measure.

Your Committee was advised that a repeal of the insurance premium tax credit would cause the State to realize general fund revenue gains of an estimated \$6.4 million per year beginning in 1998. This money is now being paid into the escrow fund. An additional \$27 million that is currently held in escrow pending a court case decision could also be deposited into the general fund.

Your Committee requested additional information regarding this court case, which is pending against the State on the constitutionality of the current one percent tax credit. The litigation was filed by 60 foreign insurers in 1992. Since then, approximately \$27 million has been held in escrow pending a final ruling on the court challenge.

According to the State Attorney General, the Tax Appeal Court ruled in 1992 that the previous insurance premium tax differential in favor of local companies was unconstitutional. This ruling may predict a similar ruling on the credit. However, your Committee was advised that it could take at least five years to reach a final decision on this case. Last year, the State and foreign insurance litigants settled this case contingent upon the repeal of the insurance premium tax credit.

Your Committee also noted the concerns expressed by the insurance industry which views the tax credit as an incentive for domestic insurers to do business in the State and employ local residents. Insurers maintain that the high cost of doing business in Hawaii is a disincentive for insurers to establish home offices in the State and that the tax credit is essential to keeping and attracting new insurers.

Your Committee recognizes that despite the concerns of the insurance industry, repeal of this tax credit would have a positive economic impact on the state budget, which is currently experiencing a shortfall.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 145 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 180 Commerce, Consumer Protection, and Information Technology on S.B. No. 152

The purpose of this bill is to require badges and uniforms for time share sales personnel, provide for civil cause of action for violations, clarifies that the filing of a plan is a registration, and provides that violation of prohibited acts constitute grounds for civil penalties and administrative action.

Your Committee received testimony in support of this measure from the Maui Hotel Association and the ILWU Local 142. The Department of Commerce and Consumer Affairs and the Department of the Attorney General submitted comments and recommended amendments. Testimony in opposition was submitted by the American Resort Development Association, a dozen time share organizations, and approximately 130 individuals associated with the time share industry.

Your Committee is concerned that there are still many problems associated with the time share industry and enforcement of existing laws. As the time share business continues to grow, these problems must be effectively dealt with before they adversely impact Hawaii's tourism industry.

Your Committee is in agreement that some of the proposed amendments to the bill would be overly burdensome and difficult to enforce, and single out the time share industry in a manner inconsistent with other regulated industries. Your Committee has amended this bill accordingly. As amended, the bill would require badges for time share personnel, provide for civil cause of action, and clearly detail signage requirements for time share booths.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 152, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 152, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 181 Commerce, Consumer Protection, and Information Technology on S.B. No. 1322

The purpose of this bill is to make conforming amendments to chapters in title 14, Hawaii Revised Statutes, administered by the Department of Taxation to properly cover the taxation of Uniform Limited Liability Companies.

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

Your Committee finds that the legislature enacted chapter 428, Hawaii Revised Statutes (HRS), in 1996 to allow for the formation of limited liability companies. However, title 14, HRS, on taxation does not contain adequate reference to this new business entity or its members to treat limit liability companies appropriately for tax purposes. The amendments proposed in this bill brings title 14, HRS, into conformity with existing laws.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1322 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 182 Commerce, Consumer Protection, and Information Technology on S.B. No. 1484

The purpose of this bill is to bring the Insurance Division into compliance with the national minimum financial regulatory standards necessary for accreditation by the National Association of Insurance Commissioners (NAIC).

Your committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs. The Department of the Attorney General, Office of Information Practices submitted testimony requesting an amendment.

Your Committee finds that the current law, enacted in 1994, was modeled after NAIC's Risk-Based Capital for Life and/or Health Insurers Model Act. Since then the model act has been revised to apply to property and casualty companies, and incorporates an immunity provision.

Your Committee understands that changes in the model act have been prompted by the failure of insurance companies nation wide. In Hawaii, more than 12,000 consumers and \$800,000,000 in policies were affected by the failure of one company alone, Executive Life Insurance Company, based in California. With the authority to monitor the financial solvency of property and casualty insurance companies the Insurance Division can take regulatory action to protect consumers and stabilize the company.

Your Committee has learned that the adoption of the new model act is an accreditation requirement of the NAIC. Recently, Hawaii was accredited by the NAIC for five years. Adoption of this bill is essential for Hawaii to maintain its accredited status.

The Office of Information Practices testified that although the bill gives an insurer a right to a confidential hearing, public agency hearings and records are open to the public pursuant to chapter 92, Hawaii Revised Statutes. To provide for a confidential hearing, the Office requested including chapter 92, Hawaii Revised Statutes, in addition to chapter 92F, Hawaii Revised Statutes, in the amendment to section 431:3-407, Hawaii Revised Statutes.

Your Committee is in agreement with the intent of this measure and believes the omission of reference to chapter 92 was inadvertent and has, therefore, amended the bill to include it. Other technical, nonsubstantive amendments have also been made.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1484, as amended

herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1484, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 183 Commerce, Consumer Protection, and Information Technology on S.B. No. 1502

The purpose of this bill is to modify the power of the board with respect to the special mortgage recording fee and the imposition of fines for nonpayment of fund revenues. Technical clarifications are included.

Your Committee received testimony in support of this bill from the Department of Commerce and Consumer Affairs, Hawaii Hurricane Relief Fund, and Title Guaranty of Hawaii. The City and County of Honolulu submitted testimony regarding a proposed amendment to the bill.

Your Committee received testimony from the City and County of Honolulu expressing concern over the deletion of "refinancing" with regard to mortgage recording fees. Although all mortgagors should pay into the special mortgage recording fund, the same mortgagor, having once paid into the fund should not have to pay a second time if a loan was refinanced to obtain a better interest rate. The fee should only be assessed on any increase in the mortgage amount.

Your Committee is in agreement with the intent of this measure. Your Committee notes that the concerns expressed by the City and County of Honolulu are well taken and has amended section 431P-16(b), Hawaii Revised Statutes, accordingly. Other technical, nonsubstantive changes have also been made.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1502, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1502, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 184 Commerce, Consumer Protection, and Information Technology on S.B. No. 1530

The purpose of this bill is to clarify that fees collected by the Professional and Vocational Licensing Division, Department of Commerce and Consumer Affairs, be deposited to the credit of the Compliance Resolution Fund.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and the Consulting Engineers Council of Hawaii.

Your Committee finds that fees deposited into the Compliance Resolution Fund will help the Department administer the 46 licensing programs within the Professional and Vocational Licensing Division, and eliminate the Department's reliance on general fund appropriations. Your Committee is in accord with this recommendation from the Department of Commerce and Consumer Affairs.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1530 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 185 Commerce, Consumer Protection, and Information Technology on S.B. No. 1535

The purpose of this bill is to amend provisions of the Insurance Code dealing with reports by:

- (1) Increasing fees for registered mailings;
- (2) Clarifying deadlines and adding a penalty for late filing;
- (3) Clarifying the requirements of audited financial statements;
- (4) Changing filing requirements from a quarterly to an annual basis;
- (5) Clarifying the accounting principles required;
- (6) Amending the definitions of "liability" and "personal risk liability"; and
- (7) Conforming section 431K-7, Hawaii Revised Statutes, with the Federal Liability Risk Retention Act of 1986.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs. The Judiciary submitted testimony expressing concern over changing the Driver's Education Fund payment from a quarterly to an annual basis.

Your Committee notes concerns raised regarding the proposed amendments to section 431:3-302 and 431:19-107, Hawaii Revised Statutes. Act 232, section 4, Session Laws of Hawaii 1995, will repeal and reenact these sections to their 1994 form on June 30, 2000. Your Committee has discussed these concerns with the Insurance Commissioner, who will take appropriate action at a later date.

Your Committee is in agreement with the request by the Judiciary, and has amended the bill by changing the effective date of section 5, which amends section 431:10C-115, Hawaii Revised Statutes, to July 1, 1998. Your Committee has also amended section 431K-1, Hawaii Revised Statutes, to clarify the proposed change to the definition of "liability", to clearly apply the noninclusion of personal risk liability to both paragraphs (1) and (2) of the definition. Your Committee has also made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1535, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1535, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 186 (Majority) Education on S.B. No. 814

The purpose of this bill is to authorize the Board of Education to employ, without approval of the Attorney General, attorneys who would be exempt from chapters 76 and 77, Hawaii Revised Statutes (HRS).

Your Committee received favorable testimony from the Chairperson of the Board of Education (Board) who testified that the bill would not affect the responsibility and authority of the Attorney General under section 26-7, HRS, to provide legal services to the Board.

Testimony in opposition was received from the Department of the Attorney General (Department) opposing the bill on the basis that:

- (1) One attorney could not handle the growing complexities of the laws affecting an agency;
- (2) Representation by the Department promotes consistency in the interpretation of the law;
- (3) Employing outside counsel would deprive the agency of the Department's oversight;
- (4) The amendment is unnecessary since current law allows the Department to employ outside counsel when deemed necessary;
- (5) Private attorneys are expensive and the moneys would be better spent in developing the expertise within the Department; and
- (6) The Department has taken steps to address concerns of conflicts of interest.

Notwithstanding the cogent testimony presented by the Department of the Attorney General, your Committee is of the opinion that there are times when the Board, and perhaps other agencies, may need to employ private counsel to assist in exercising agency powers and duties. Moreover, while the "Chinese wall" may prevent conflicts of interests, there is a legitimate need to avoid the very appearance of impropriety which is best served by private counsel. Additionally, your Committee has the assurance from the Board's chairperson that such authority will be used very sparingly, and that for the most part they will continue to rely on the Department so as to gain the benefit of the Department's oversight, the consistency of Department's interpretation of law, and the Department's expertise in handling the complex laws facing state agencies.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 814 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 2 (Ige, M., Slom). Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 187 Education on S.B. No. 1542

The purpose of this bill is to enable the Hawaii Teacher Standards Board, through the Department of Education, to collect licensing and credentialing fees by mandatory payroll deduction.

Your Committee received testimony supporting this measure from the Department of Education and the Hawaii Teacher Standards Board.

Your Committee finds that the Hawaii Teacher Standards Board is authorized by statute to establish standards and fees for licensing and credentialing teachers. The Department of Education is responsible for collecting licensing and credentialing fees, and depositing moneys into the Hawaii Teacher Standards Board revolving fund.

Your Committee further finds that the Department's task of monitoring, collecting, and accounting for fees initially and every five years for renewal of twelve thousand teacher licenses, and nearly one thousand new teacher hires annually places a severe burden on the Department. The mandatory payroll deduction would ease the burden on the Department and also on the teachers by distributing fees over time. Additionally, the mandatory payroll deduction would provide the Hawaii Teacher Standards Board with a consistent funding base from which they can plan and budget.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1542 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 188 Education on S.B. No. 925

The purpose of this bill is to appropriate funds to the Department of Education for the creation of a mentor teacher program.

Your Committee received no testimony on the bill.

Your Committee finds that inexperienced first-year teachers enter the classroom with full responsibility as practicing professionals but with little support and guidance. The consequence of this lack of support and guidance is a high teacher attrition rate at the end of the first-year of teaching. In order to achieve significant improvement in the first-year retention rate, an intense effort must be made to acquire support and guidance through the creation and implementation of a mentor teacher program.

Your Committee believes that the mentor teacher program will reduce the number of teachers who leave the public school system of Hawaii at the end of their first year, ensure greater instructional competence during the first and subsequent years of teaching, and support collegiality and professional development.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 925 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 189 Education on S.B. No. 1347

The purpose of this bill is to appropriate the sum of \$1 for fiscal year 1997-1998, and fiscal year 1998-1999, to the Department of Education to award school principals a stability bonus.

Your Committee received testimony supporting this measure from the Department of Education, the HGEA/AFSCME, Waimanalo Elementary and Intermediate Schools, and Kailua Elementary School.

Your Committee finds that a high turnover rate of principals is disruptive to school improvement efforts, student achievement, and faculty and staff morale.

Your Committee believes that principals are a key element in Hawaii's efforts to attain educational excellence. Efforts must be made to attract and retain principals. A stability bonus after five years of service at one school allows the Department of Education to reward its principals for positive behaviors.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1347 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 190 Education on S.B. No. 1131

The purpose of this bill is to appropriate the sum of \$1 for fiscal year 1997-1998, and for fiscal year 1998-1999, to the Department of Education to provide additional compensation to educational officers attaining an advanced degree in a field related to education.

Your Committee received testimony supporting this measure from the Department of Education, the HGEA/AFSCME, and Kailua Elementary School.

Your Committee finds that academic achievement has a direct relationship to improving the quality of education and leadership, as well as enhancing the image of the Department of Education and its educational officers.

Your Committee believes it is important to encourage and foster improvement in our public school system by encouraging educational officers to pursue self improvement and life long learning.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1131 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 191 Education on S.B. No. 921

The purpose of this bill is to provide an economic incentive to Department of Education teacher applicants to work in identified teacher shortage areas or hard to staff schools.

The Department of Education supported the measure provided that the appropriation made by the bill did not affect the Board of Education's budget priorities.

Your Committee finds that the bill would defray transition expenditures and provide a one time first year monetary incentive for new hires in identified teacher shortage areas or hard to staff schools.

Your Committee believes that the bill would help the Department of Education staff its schools with the personnel necessary to properly educate all the students of the State.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 921 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 192 Education on S.B. No. 924

The purpose of this bill is to appropriate the sum of \$535,000 for fiscal year 1997-1998, and the sum of \$250,000 for fiscal year 1998-1999 to support the implementation, evaluation, and revision of the Hawaii content and performance standards in Hawaii public schools.

No testimony was received on this bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 924 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 193 Education on S.B. No. 923

The purpose of this bill is to appropriate funds to match federal or private funding to develop, implement, and maintain a comprehensive accountability system for Hawaii public education.

Your Committee received favorable testimony from the Department of Education and the Hawaii Congress of Parents, Teachers, and Students. Testimony indicated that standards for the performance of Hawaii's school children were published two and one-half years ago. However there are no meaningful measures to assess the degree of attainment by Hawaii's school children. This information is necessary to develop a more accountable system of education, particularly when the school system is becoming increasingly decentralized.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 923 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 194 Education on S.B. No. 361

The purpose of this bill is to appropriate \$105,000 in fiscal year 1997-1998, and \$105,000 in fiscal year 1998-1999 to the Department of Education to establish registrar positions at Maui, Kauai, and Kona Community Schools for adults.

Your Committee received testimony supporting this measure from the Hawaii State Adult and Community Education Advisory Council. The Department of Education testified in support of this measure with funding reservations.

Your Committee finds that according to guidelines set by the Department of Education all eleven community schools for adults qualify for permanent full-time registrar positions. However, Maui, Kauai, and Kona community schools lack registrars. All Oahu community schools for adults have full-time registrars.

Your Committee also finds that a registrar's official duties include registration, placement of students, maintaining student records and transcripts, collecting data, preparing reports, processing high school diplomas and certificates, and preparing teacher worksheets. Administrators often assign registrars a variety of nonteaching collateral duties such as bookstore supervisor, audio-visual coordinator, and test administrator.

Your Committee further finds that increasingly community schools must respond to educational needs for which traditional semester schedules are not convenient or appropriate. These include programs for the homeless, correctional inmates, plantation workers losing their jobs, elementary school parents desiring parenting education classes, and clients needing basic academic skill training. The community schools must design flexible quick start programs requiring full-time registrars.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 361 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 195 Education on S.B. No. 70

The purpose of this bill is to authorize the issuance of \$45,000 in general obligation bonds and to appropriate that sum to the Department of Accounting and General Services for the purchase of six hundred student lockers for Central Intermediate School.

No testimony was received supporting or opposing this measure.

Your Committee finds that Central Intermediate School needs six hundred new lockers to meet the needs of their student enrollment.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 70 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Metcalf).

SCRep. 196 Human Resources on S.B. No. 1549

The purpose of this bill is to allow the Department of Human Services to place a lien against the real property of a medical assistance recipient who is a patient in a nursing facility, intermediate care facility for the mentally retarded, or other medical institution, after state determination, pursuant to notice and hearing requirements of chapter 91, Hawaii Revised Statutes, that the recipient cannot be expected to be discharged from the medical institution and return home to live.

Your Committee received testimony in support of this bill from the Department of Human Services and the Healthcare Association of Hawaii.

Your Committee finds that this bill improves the process of placing liens by allowing the Department of Human Services to make a rebuttable presumption that the patient cannot reasonably be discharged from the facility and return home to live if the recipient has been institutionalized for 6 months or longer without a discharge plan.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1549 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 197 Commerce, Consumer Protection, and Information Technology on S.B. No. 818

The purpose of this bill is to provide for an offense of trademark counterfeiting and to include it in the list of offenses for repeat offenders.

Your Committee received testimony in support of this measure from the University of Hawaii, the Hawaii Food Industry, the International AntiCounterfeiting Coalition, Oakley, Inc., Guess?, Inc., the Recording Industry Association of America, Inc., and a private attorney.

Your Committee finds that product counterfeiting is big business, and is currently estimated to cost the U.S. over \$200,000,000,000. In Hawaii, the underground illegal fake goods industry is a multi-billion dollar business.

Your Committee notes that the proposed language in this bill is patterned after model legislation developed by the International and Western AntiCounterfeiting Coalitions. Currently eleven states have adopted anticounterfeiting legislation and three other states and the District of Columbia have legislation pending.

Your Committee is in agreement that this is a serious problem that damages the credibility of Hawaii businesses and their products, and has particularly wide ranging impacts when tourist purchase fake goods.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 818 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 198 Commerce, Consumer Protection, and Information Technology on S.B. No. 1159

The purpose of this bill is to recognize that corporations may eliminate or limit the personal liability of corporate directors provided for and approved by shareholders prior to July 1, 1996.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, the Corporations and Securities Section of the Hawaii State Bar Association, and a private attorney.

Your Committee notes that the proposed amendment clarifies the effect of legislation passed in 1996 to simplify section 415-48.5, Hawaii Revised Statutes. This measure adds language that provides for the recognition of actions taken by corporations prior to the 1996 amendment.

Your Committee is in agreement that this clarification will benefit Hawaii's business community.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1159 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 199 Water, Land, and Hawaiian Affairs on S.B. No. 8

The purpose of this bill is to preserve the rights of Native Hawaiians to engage in customary and traditional practices while concurrently reassuring private landowners' title to their land.

Your Committee received testimony in support of the measure from the Hawaii Leeward Planning Conference, the Land Use Research Foundation of Hawaii, Hawaii Resort Developers Conference, Title Guaranty of Hawaii, Wimberly, Allison, Tong and Goo, Castle and Cooke, Inc., the Hawaii Business Roundtable, the Kona-Kohala Chamber of Commerce, the Big Island Business Council, the Estate of James Campbell, the Building Industry Association of Hawaii, Lanikai Partners, the Hawaii Association of Realtors, Kealahou Development Corporation, Hawaii Resort Developers Conference, Mauna Lani Resort, and the Waikoloa Land Company.

Your Committee received testimony in opposition to the measure from the Office of Hawaiian Affairs, Life of the Land, the Native Hawaiian Legal Corporation, the Hawaii Green Party, American Friends Service Committee, the Pacific Women's Network, the Keaua Foundation, Hui Lihikai, Ka Lahui Hawaii, and the Sierra Club of Hawaii. Numerous faculty members and students of the University of Hawaii and concerned citizens also testified in opposition.

The Department of Business, Economic Development and Tourism, Land Use Commission, the Attorney General, and concerned individuals submitted comments on the bill.

Your Committee finds that the bill takes the necessary first steps toward resolving the questions left unanswered by the Hawaii Supreme Court's Public Access Shoreline Hawaii v. Hawai'i County Planning Commission (PASH) opinion, specifically, the distinct possibility of multiple governmental agencies requiring different standards of proof for certification of a Native Hawaiian right.

The PASH opinion was also noticeably silent with regard to who would be included within the interpretation of the ruling, with no indication as to whether non-Hawaiians would be able to assert a right to access privately-held lands to engage in customary and traditional Native Hawaiian practices.

In recognition of the substantial problems that may arise from interpreting the PASH opinion, your Committee has crafted a bill that it believes will strike a balance between the inherent rights of the Hawaiian people, and the legal assurances that the concept of private property requires.

Your Committee has amended the bill by:

- (1) Amending the findings and purpose section of the bill;
- (2) Adding a definition of "landowner" to the definitions section of the bill;
- (3) Clarifying what constitutes "undeveloped land" on parcels that are five acres or less and parcels larger than five acres;
- (4) Requiring the Office of Hawaiian Affairs to testify before and make recommendations to the Land Use Commission on customary and traditional practices of Native Hawaiians each time a petition for a Certificate of Native Hawaiian Right is scheduled for hearing;
- (5) Stating that the testimony provided by the Office of Hawaiian Affairs' testimony before the Land Use Commission shall be given the weight of expert testimony;
- (6) Allowing the parties to utilize mediation or other forms of negotiation to arrive at a suitable access arrangement;
- (7) Adding an appropriation to fund the duties required of the Land Use Commission under this bill; and
- (6) Making technical, nonsubstantive amendments.

With regard to the clarification of the definition of "undeveloped land", your Committee has taken the concerns of the Land Use Commission under advisement and has made clear that legally subdivided lots of record greater than five acres in size shall not be considered "developed land" if they contain buildings, structures or improvements which are ten percent or less of the lot's size. Neither the existence of such buildings, structures or improvements, nor the issuance of a permit or approval to grade, build, or construct such buildings, structures or improvements shall be sufficient to deny access to a person with a valid Certificate of Registration of Native Hawaiian Right.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 8, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 8, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, none.

SCRep. 200 Water, Land, and Hawaiian Affairs on S.B. No. 174

The purpose of this bill is to appropriate \$100,000 from the general fund for the purpose of establishing a statewide disaster debris management plan.

Your Committee received testimony in support of the measure from the Department of Defense. The Department of Health also submitted supportive testimony but requested that the funding source of the debris management plan be amended.

Your Committee finds that the Department of Health applied for a Hazard Mitigation Grant Program project with the Federal Emergency Management Agency (FEMA) to develop a statewide disaster debris management plan. The plan would include models for each county to prevent the occurrence of hazardous conditions and to minimize debris removal and storage costs following a major disaster. Your Committee believes that the development of this plan will be invaluable to the management of future disasters that involve the removal of large amounts of debris.

In light of the Department of Health's testimony, your Committee has amended the bill by changing the funding source of the debris management plan from general fund revenues to the Environmental Response Revolving Fund.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 174, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 174, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 201 Water, Land, and Hawaiian Affairs on S.B. No. 364

The purpose of this bill is to provide immunity from liability to governments and government officers with regard to injuries caused by a natural condition of any unimproved public land.

Testimony in support of the bill was received from the Department of Land and Natural Resources, the City and County of Honolulu, the County Council of Maui, the Department of Corporation Counsel of the County of Maui, the Mayor of Kauai, and the Hawaii County Economic Board. The Hawaii State Association of Counties also submitted comments on the bill. Testimony in opposition to the bill was received from the Consumer Lawyers of Hawaii.

Your Committee finds that providing governments and government officers with protection from liability for injuries sustained due to a natural condition of any unimproved public land is reasonable and benefits the public-at-large in that it protects the financial well-being of governments while concurrently ensuring that adequate safety standards are maintained.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 364 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 202 Water, Land, and Hawaiian Affairs on S.B. No. 387

The purpose of this bill is to appropriate funds to the Department of Hawaiian Home Lands for the maintenance and upkeep of the Nanakuli Homestead Cemetery

Your Committee received testimony in support of the bill from the Office of Hawaiian Affairs. The Department of Hawaiian Home Lands also submitted testimony on the bill.

Your Committee finds that the native Hawaiian people, like most people in the world, have a deep respect and love for their ancestors and treasure the remains of their ancestors. Hawaiians believe that their ancestors have a special place amongst the living. It is their "mana" that gives the strength and power of the living to overcome adversity.

It is customary for Hawaiians, at the start of a meeting or gathering, to begin with a genealogy of their family. Hawaiians talk about their ancestors and the deeds they accomplished in days gone by. Included in those remarks is a brief history and description of the area. This oral repetition ingrains in the present Hawaiian community the history and culture of their "kupuna". The bond between the living and the dead is strengthened. The old ones have a place in the hearts of the living that does not diminish, but grows.

In this context, the Nanakuli Hawaiian Homestead has a cemetery within its boundaries that the Nanakuli community has taken upon itself to maintain. Unlike commercial cemeteries which have built in funding sources for maintenance and preservation of the grounds, the Nanakuli Hawaiian Homestead Cemetery does not. With only limited financial support from the Department of Hawaiian Home Lands over the years, the Nanakuli community has done its best to maintain the cemetery.

The deterioration of the cemetery has been a major sore point with the residents of the community. Many residents have come forward to volunteer their services to try to stop the degradation, to give the kupuna a proper resting place. However, with limited financial support the projects were small in scale and did not really stop the deterioration.

Since December 1992, Clean-up and Beautification (CUB) projects have been ongoing. The Nanakuli Hawaiian Homestead Community Association (Association) has solicited community organizations and groups to participate in the monthly CUB projects.

The Association has had numerous church organizations; Nanaikapono Protestant Church, Door of Faith Church, Nanakuli Mormon Church, etc.; Nanakuli High School clubs; Ike Loa Kulana club, Travel Industry Club, etc.; and community groups; Boy Scouts of Waianae, Nanakuli Neighborhood Housing Service, etc. participating in one or more CUB projects.

Your Committee has amended the bill by leaving the appropriated amount blank in order for your Committee on Ways and Means to determine a suitable amount.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 387, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 387, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Taniguchi, Anderson).

SCRep. 203 Water, Land, and Hawaiian Affairs on S.B. No. 674

The purpose of this bill is to strengthen the management of forestry and wildlife resources on the island of Hawaii by establishing and appropriating funds for a new program for information, education, and volunteer coordination, including the hiring of a full time staff coordinator.

Testimony was received by the Sierra Club Legal Defense Fund and The Nature Conservancy of Hawaii in support of this measure. The Chairperson of the Board of Land and Natural Resources also submitted testimony.

Your Committee is in support of this measure and believes it addresses the need for greater public awareness of and participation in forestry and wildlife management on the Big Island.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 674 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 204 Water, Land, and Hawaiian Affairs on S.B. No. 1003

The purpose of this bill is to establish de minimus tolerances of property line variances for classes of real property to avoid the need for costly corrections for minor variances found as the result of more accurate real property surveys.

Testimony was received by the Hawaii Association of Realtors and a private citizen in support of this measure. Testimony in opposition to the measure was received from the Department of Accounting and General Services.

Your Committee finds that new survey techniques such as the use of lasers and satellites have created significant increases in property measurement accuracy. As a result, many of the older surveys that property owners relied upon when building fences, walls, and homes are incorrect. Discrepancies between traditionally-derived and laser-guided surveys have caused real property owners to spend considerable amounts of money to move boundary markers minute distances or hire an attorney to obtain an encroachment agreement.

Your Committee adopted the recommendation by the Hawaii Association of Realtors by amending section 2 of the bill to further define de minimus property discrepancy for residential real estate to be 0.5 feet. This amendment is expected to accommodate about half of the residential property encroachment problems.

Your Committee is in agreement that the bill, as amended, will address a costly and increasingly common problem for property owners in Hawaii.

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

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 205 Water, Land, and Hawaiian Affairs on S.B. No. 1079

The purpose of this bill is to appropriate funds to conduct a water resources study in South Kona on the Island of Hawaii.

The Department of Land and Natural Resources submitted comments on this measure.

Your Committee finds that given the importance of water resource management to the State, adding to the State's knowledge of water resources would help to advance the work of the Commission on Water Resource Management.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1079 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 206 Water, Land, and Hawaiian Affairs on S.B. No. 1180

The purpose of this bill is to establish the Hui 'Imi Advisory Council to advise the Governor, Legislature, and public and private agencies on a variety of social, economic, and cultural issues affecting the Hawaiian people.

Your Committee received testimony in support of the bill from the Department of Hawaiian Home Lands, the Department of Accounting and General Services, Kamehameha Schools/Bishop Estate, and a number of Hawaiian organizations. The Department of Education also submitted comments on the bill.

Your Committee finds that in 1989, the Legislature adopted Senate Concurrent Resolution No. 106, S.D. 1, which called for the creation of a task force to examine the provision of services to Hawaiians. The task force for Hawaiian Services, comprised of eighteen public and private sector groups, was established and named the Hui 'Imi Task Force for Hawaiian Services. Its defined purpose was to make findings and recommendations concerning the coordination of all public and private services available to Hawaiians in the areas of education, economic development, housing, employment, and medicine/health, and legal, cultural, and social service issues.

As directed by Senate Concurrent Resolution No. 106, S.D. 1, the Hui 'Imi Task Force produced a two-volume report entitled, The Hui 'Imi Task Force For Hawaiian Services. The substance and content of the final report was the result of a unique and extraordinary level of cooperation and coordination among task force member organizations, which included government representatives, government agencies, and members of the Hawaiian community. The report contained findings and thirty-nine recommendations that were a result of extensive sampling, interviews, and group and community meetings involving approximately one thousand Hawaiian service providers and service recipients throughout the State. The Hui 'Imi Task Force for Hawaiian Services report was distributed to all legislators in 1991, at which time the formal legislative authorization of the task force ended.

Your Committee believes that formally reauthorizing the Hui 'Imi Task Force would provide the State as well as the Hawaiian people with an extremely useful and proven mechanism of collecting and disseminating information.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1180 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Ige, D., Taniguchi).

SCRep. 207 Water, Land, and Hawaiian Affairs on S.B. No. 1201

The purpose of this bill is to develop a transmission line to divert water from the Hilo area to the Pohakuloa military camp and Waimea for irrigation of unproductive agricultural land in the South Kohala district. The bill appropriates funds to complete the route survey, soil investigation, and preliminary engineering design work.

Testimony was received by the Chairperson of the Board of Land and Natural Resources.

Your Committee is in support of this measure and its intent to increase the agricultural productivity of the district.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1201 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 208 Water, Land, and Hawaiian Affairs on S.B. No. 1234

The purpose of this bill is to create a program of responsible harvesting of selected dead trees on state forest reserve land to:

- (1) Enhance the management of public forest reserves;
- (2) Rejuvenate forested areas after the devastation of hurricane Iniki;
- (3) Prevent forest fires; and
- (4) Raise revenue.

Your Committee received testimony supporting the intent of this measure from the Board of Land and Natural Resources and the Hawaii Forest Industry Association. Testimony supporting this measure was received from the Hawaii Audubon Society. Testimony opposing this measure was received from the Sierra Club.

Your Committee finds that Hawaii has the eleventh largest system of state owned forest lands, 800,000 acres, in the United States, yet Hawaii ranks 34th in funding its forestry program. The island of Hawaii has over 430,000 acres of forest reserves managed by only five foresters.

Your Committee further finds that proper management of the forest resources on public lands is necessary to preserve Hawaii's forests for future generations. The sale of harvested trees will generate additional resources to assist the State's forestry program.

Your Committee has amended this bill by removing its restrictive prescriptions to permit flexibility in the application of appropriate conservation practices by the Department of Land and Natural Resources.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1234, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1234, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 209 Water, Land, and Hawaiian Affairs on S.B. No. 1538

The purpose of this bill is to authorize the Department of Hawaiian Home Lands, with the approval of the Governor, to undertake projects without regard to chapter 103D, Hawaii Revised Statutes, when the bids submitted exceed the amount of funds available for the project.

Your Committee received testimony in support of the bill from the Department of Hawaiian Home Lands.

Your Committee finds that the amendments to the Hawaiian Homes Commission Act of 1920, as amended, that are contained in the bill are consistent with the powers vested in the Housing Finance and Development Corporation and the Hawaii Housing Authority under chapter 356, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1538 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 210 Water, Land, and Hawaiian Affairs on S.B. No. 1540

The purpose of this bill is to make housekeeping amendments to the Hawaiian Homes Commission Act of 1920, as amended (HHCA).

Your Committee received testimony in support of the bill from the Department of Hawaiian Home Lands (DHHL).

Your Committee finds that the bill removes brackets from the titles of various sections of the HHCA and deletes section 223, HHCA. The DHHL testified that the deletion of section 223, was to reconcile a conflict with section 5(h) of the Admission Act.

Your Committee has amended the bill by deleting section 11 of the bill which contains the deletion of section 223 from the HHCA. Insofar as this bill is a housekeeping measure, your Committee does not think it appropriate to remove a substantive provision such as section 223 of the Admission Act. Your Committee also made technical amendments to gender neutralize the affected sections of the HHCA.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1540, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1540, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 211 Water, Land, and Hawaiian Affairs on S.B. No. 1593

The purpose of this bill is to establish a special fund within the state treasury to enable the Bureau of Conveyances to improve and enhance its computer system.

Your Committee received testimony in support of the bill from the Department of Land and Natural Resources and Title Guaranty of Hawaii. The Department of Commerce and Consumer Affairs testified in support of the measure if the moneys derived from the special mortgage recording fee established pursuant to section 431P-16, Hawaii Revised Statutes, were excluded from being transferred into the newly created special fund.

Your Committee finds that the bill provides that \$2 of each fee for documents recorded with the Bureau of Conveyances are to go to the special fund. The \$2 would be paid into a special fund that would be used to computerize the Bureau's records. By computerizing the Bureau of Conveyances' operations under a comprehensive computer system, the recordation process could be expedited and would provide immediate online information access to the staff of the Bureau as well as to the public on all islands. Currently, neighbor island residents must travel to Oahu to obtain the information repositied at the Bureau of Conveyances.

In light of the concerns raised by the Department of Commerce and Consumer Affairs, your Committee has amended the bill by adding language that would exclude the moneys generated by the special mortgage recording fee established pursuant to section 431P-16, Hawaii Revised Statutes, from being paid into the special fund.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1593, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1593, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 212 Water, Land, and Hawaiian Affairs on S.B. No. 1601

The purpose of this bill is to standardize the penalties for violating the provisions of chapters 187A, 188, 189, and 195D, Hawaii Revised Statutes.

Your Committee received testimony in support of the bill from the Western Pacific Fishery Management Council. The Department of Land and Natural Resources offered qualified support for the measure.

The bill also makes the act of knowingly misrepresenting any material fact or making a false statement in any document required under subtitle 5 of title 12, Hawaii Revised Statutes, a petty misdemeanor.

Your Committee finds that as a matter of practice, general penalty sections of the Hawaii Revised Statutes are reviewed and updated more frequently than sections of law that contain their own penalties for specific violations.

Your Committee believes that standardizing the penalties for violating the provisions of the abovementioned chapters provides a uniform approach to punishing those who destroy or unnecessarily deplete the State's aquatic resources.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1601 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 213 Water, Land, and Hawaiian Affairs on S.B. No. 1607

The purpose of this bill is to clarify the duties and powers of the Kaho'olawe Island Reserve Commission.

Your Committee received testimony in support of the bill from the Department of Land and Natural Resources and the Office of Hawaiian Affairs.

Your Committee finds that the bill provides the Kaho'olawe Island Reserve Commission with the same powers bestowed upon island burial councils established pursuant to chapter 6E, Hawaii Revised Statutes, with respect to burials and human skeletal remains found on the island of Kaho'olawe. The bill also allows the Kaho'olawe Island Reserve Commission to delegate to its staff certain authority and administrative functions required of the Commission under chapter 6K, Hawaii Revised Statutes.

Your Committee believes that the bill will assist the Kaho'olawe Island Reserve Commission in achieving its mandated purpose.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1607 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Anderson).

SCRep. 214 Water, Land, and Hawaiian Affairs on S.B. No. 1635

The purpose of this bill is to correctly identify the lands transferred from the State to the Department of Hawaiian Home Lands under the settlement agreement contained in Act 95, Session Laws of Hawaii 1996 (Act 95).

Your Committee received testimony in support of the bill from the Department of Hawaiian Home Lands and from the Governor's Special Assistant for Housing.

Your Committee finds that since the enactment of Act 95, the tax map keys originally contained in the Act were found to be erroneous. This measure correctly identifies the proper tax map key codes.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1635 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Anderson).

SCRep. 215 Water, Land, and Hawaiian Affairs on S.B. No. 1638

The purpose of this bill is to appropriate funds for the operating expenses of the Office of Hawaiian Affairs.

Your Committee received testimony in support of the bill from the Office of Hawaiian Affairs. A representative of the Hawaiian Political Action Council of Hawaii testified in opposition to the measure.

Your Committee finds that the bill provides for the necessary expenses of the Office of Hawaiian Affairs for Fiscal Biennium 1997-1999.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1638 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Anderson).

SCRep. 216 Water, Land, and Hawaiian Affairs on S.B. No. 1813

The purpose of this bill is to appropriate funds for the planning and design of a commercial center and light industrial use area on the island of Lanai.

Your Committee received testimony from concerned individuals who asked that the bill be expanded to include the acquisition of agricultural lands as well.

Your Committee finds that the island of Lanai needs more economic diversification. By providing facilities to promote such diversification, the State will in effect be helping the people of Lanai help themselves.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1813 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Anderson).

SCRep. 217 Water, Land, and Hawaiian Affairs on S.B. No. 1886

The purpose of this bill is to require the Department of Land and Natural Resources to expedite work on the ten most urgent flood control problems in the Waialua area of the island of Oahu.

Testimony provided by the Department of Land and Natural Resources stated that they would be unable to support the measure due to funding concerns.

Your Committee finds that the Department of Land and Natural Resources is the lead agency in charge of controlling and preventing floods in the State. Among various other duties, the Department of Land and Natural Resources' Flood Control and Dam Safety Program has the responsibility to coordinate flood prevention projects and maintain a statewide flood control plan.

Your Committee also finds that the flooding problems in Waialua deserve the immediate attention of the State Flood Control and Dam Safety Program.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1886 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Anderson).

SCRep. 218 Water, Land, and Hawaiian Affairs on S.B. No. 1865

The purpose of this bill is to authorize the Department of Land and Natural Resources to enter into land exchange negotiations with Kamehameha Schools/Bishop Estate.

Your Committee received testimony in support of the bill from the Department of Land and Natural Resources and Kamehameha Schools/Bishop Estate.

Your Committee finds that the lands that the Department of Land and Natural Resources would like to acquire is situated in the Hamakua area on the island of Hawaii and is approximately one hundred-fifty acres in size.

Your Committee has amended the bill to correctly identify the parcels that are to be the subject of negotiations.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1865, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1865, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Ige, D., Taniguchi).

SCRep. 219 (Joint/Majority) Water, Land, and Hawaiian Affairs, Economic Development, and Transportation and Intergovernmental Affairs on S.B. No. 1887

The purpose of this bill is to authorize the issuance of general obligation bonds and to appropriate the funds derived therefrom to implement the Ala Wai Watershed Management Project.

Your Committees received testimony in support of the bill from the Department of Land and Natural Resources, the Convention Center Authority, the City and County of Honolulu's Department of Public Works, the Ala Wai Watershed Water Quality Improvement Project, and a concerned citizen. The Department of Transportation supported the bill with funding reservations.

Your Committees find that the capital improvement projects proposed in the bill are necessary to reduce soil erosion and sedimentation of the Ala Wai Canal in future years and will dredge the canal of contaminated sediments. The projects will be done in different locations of the watershed and, because they reduce erosion and sedimentation, will result in a reduction of funds required to dredge the canal in future years because less sediment will need to be dredged from the canal itself.

Your Committees also find that Ala Wai Canal sediment contains contaminants such as lead from vehicle exhausts and chlordane and dieldrin from termite treatment. The canal was last dredged in 1978 and sediment deposits have now partially blocked the canal's use by small boats, adversely affecting economic activities such as the Hawaiian Rowing Challenge and recreational and cultural activities such as kayaking and canoe paddling. Recent engineering studies have concluded that the canal should be dredged at ten-year intervals or sooner. If not, the canal could fill with sediments in fifty to seventy years.

Your Committees believe that the Ala Wai Canal is a vital physical feature of metropolitan Honolulu. It is a registered historic site and significant in the landscape of Waikiki and near-by residential neighborhoods. The canal needs these maintenance projects in order for it to serve its function as a popular recreational area, a significant landmark for visitors, and as the major drainage-way for a residential population exceeding two hundred thousand.

Your Committees have amended the bill by:

- (1) Deleting the construction cost component for dredging the Ala Wai Canal area between the Manoa-Palolo Canal to Kapahulu Library;
- (2) Deleting the construction cost component for injecting seawater into the Ala Wai Canal;
- (3) Deleting the project constructing an Ala Wai Canal to Manoa trail system;
- (4) Transferring the greenway/bikeway construction projects originally delegated to the Department of Transportation and the Department of Accounting and General Services to the Department of Land and Natural Resources; and
- (5) Making technical amendments that have no substantive effect.

The proposed projects will remove contaminated sediments and, therefore, will meet an urgent requirement to improve the water quality of the Ala Wai Canal.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Economic Development and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1887, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1887, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, 1 (Slom). Excused, 7 (Chumbley, Fernandes Salling, Ige, D., Matsunaga, Sakamoto, Solomon, Taniguchi).

SCRep. 220 (Majority) Economic Development on S.B. No. 425

The purpose of this bill is to appropriate funds for the promotion of existing and additional athletic events, including, but not limited to, golf, running and endurance events, volleyball, baseball, soccer, surfing, basketball, track, fishing, boating, yachting, cycling, equestrian, and sailing competitions.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism (DBEDT), the Democratic Party of Hawaii, and the Hawaii Hotel Association.

Your Committee finds that Hawaii benefits from a strong calendar of high-quality sporting events, such as the Hawaiian Open, Honolulu Marathon, the Ironman Triathlon, the Hawaii International Billfish Tournament, the Pro Bowl, and the Aloha Bowl.

These and other similar sporting events that highlight Hawaii to national and international audiences, contribute to a more economically favorable climate and provide needed economic stimulus in terms of employment, continued income for existing businesses, and opportunities for new business start-ups which serve the sports tourism industry.

While DBEDT's primary focus in this area has been on providing seed money for new and developing sports events that may support and stimulate the local economy, there is no single position within the department dedicated solely to these sports promotion activities.

Your Committee has therefore amended this measure by appropriating additional funds for the hiring of a full-time Coordinator of Sports Promotion within DBEDT, who shall be subject to chapters 76 and 77, Hawaii Revised Statutes. Your Committee also made a technical, nonsubstantive change for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 425, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 425, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, 1 (Slom). Excused, 4 (Bunda, Iwase, Matsunaga, Solomon).

SCRep. 221 (Joint/Majority) Economic Development and Education on S.B. No. 724

The purpose of this bill is to appropriate funds to the University of Hawaii to fund a workshop for the conceptual design and construction of an ocean floating all-natural clean energy power station.

Your Committees received testimony in support of this measure from the University of Hawaii, School of Ocean and Earth Science and Technology, the Honolulu Japanese Chamber of Commerce, and a private citizen.

Your Committees find that renewable energy is one of the most promising technological fields in Hawaii. The State already has substantial expertise with such alternate energy applications as wind farms, ethanol production, bio-gasification, geothermal, and ocean thermal energy conversion. In addition, the State has hosted numerous workshops and conferences dealing with solar energy, large floating platforms and ocean resources, and was instrumental in coordinating the production of "Ocean Resources 2000", the national strategic plan co-sponsored by the National Science Foundation and the National Oceanic and Atmospheric Administration.

With its impressive resources in science and technology, Hawaii should continue to promote technological advancement through interaction with other nations. The proposed conceptual design of a clean energy power station will provide a forum for valuable interaction in the development of alternate energy sources, and will help to place Hawaii at the forefront in alternate energy research. It will also provide important long-term economic benefits and reduce the State's heavy dependence on fossil fuels.

Your Committees note that the University of Hawaii indicated in its testimony that there has been a very strong show of interest in this special ocean summit ranging from local concerns, the federal government, major national corporations, and equivalent organizations from Japan, Korea, Australia, and the European Community.

The University of Hawaii has also indicated that it has contacted the Department of Education to discuss the possible participation in this workshop of a teacher and student from each high school in the State.

Your Committees have amended this measure by reducing the appropriation from \$100,000 to \$50,000, and by requiring matching funds in an equal amount from private sources or international governments, or both.

As affirmed by the records of votes of the members of your Committees on Economic Development and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 724, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 724, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, 2 (Ige, M., Slom). Excused, 5 (Fernandes Salling, Matsunaga, Metcalf, Solomon, Tanaka).

SCRep. 222 Economic Development on S.B. No. 1171

The purpose of this bill is to require all coffee grown in the State to be inspected and certified by the Department of Agriculture for grade and origin unless otherwise specified by rule. This bill also permits the Department to establish a program of self-inspection and certification to minimize inspection costs for qualified coffee processors, and appropriates \$10,000 for training new coffee inspectors.

Your Committee received testimony in support of this measure from the Department of Agriculture, Green Acres Coffee, Captain Cook Coffee Co. Ltd., the Big Island Farm Bureau, Superior Royal Kona Coffee, the Kona Coffee Council, and the Kona County Farm Bureau.

Your Committee finds that the Hawaii coffee industry currently has a voluntary certification program which certifies all coffee as meeting State of Hawaii grading standards. In light of the recent alleged sale of fraudulent Kona coffee, however, it is extremely important that every step be taken to reassure buyers of the authenticity and quality of the coffees they are buying from Hawaii.

It is also important to provide coffee buyers with a complete paper trail to show they have used appropriate due diligence in authenticating their coffee purchases. This is especially important in light of the recent class-action lawsuit which accuses many of the major coffee buyers of deliberately purchasing fraudulent Kona coffee.

This measure, by requiring all coffee to be not only certified as to quality but also as to point of origin prior to shipment outside of the State or area of geographical origin, will restore the confidence of coffee buyers without adding substantially to the cost of production, marketing, or the purchase price of Hawaii-grown coffee products.

Your Committee has amended this measure by making several technical, nonsubstantive changes for purposes of style and clarity.

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

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 3 (Chumbley, Kawamoto, Matsunaga).

SCRep. 223 Economic Development on S.B. No. 1250

The purpose of this bill is to:

- (1) Replace the term "Farmers Home Administration" with the "United States Department of Agriculture", the federal department that administers farm programs;
- (2) Reduce the number of credit denials required for the State's agricultural loan programs; and
- (3) Repeal the State's program for making loans under the insured program of the Farmers Home Administration.

Your Committee received testimony in support of this measure from the Department of Agriculture and the Hawaii Farm Bureau.

Your Committee finds that the Farmers Home Administration has been replaced by two newly created agencies within the U.S. Department of Agriculture, the Rural Development Agency, and the Farm Services Agency. Depending on the use and purpose of the loan funds, a farmer may apply to either one of the new agencies for financial assistance.

Your Committee further finds that under current law Department of Agriculture loans can be made only if applicants are unable to obtain the loans from two private lenders, a farm credit system bank, and the Farmers Home Administration. In an effort to streamline this lengthy process, this measure reduces the number of credit denials required from four to three.

Your Committee further finds that the Department of Agriculture has indicated that no loans have ever been made under the Farmers Home Administration insured loan program. This measure therefore repeals the Department's statutory authority to make loans under that program.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1250 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Bunda, Chumbley, Matsunaga).

SCRep. 224 Economic Development on S.B. No. 1252

The purpose of this bill is to repeal the exception for direct class "D" emergency agricultural loans, which excludes the borrower from the requirement of seeking refinancing when the borrower is able to obtain private financing.

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

Your Committee finds that while the purpose of the emergency loan program is to assist distressed farmers in times of economic hardship, disease outbreaks, and natural disasters, borrowers should not be exempt from the requirement of refinancing their loan once they regain their financial footing and become economically sufficient.

This measure requires a borrower to refinance a state agricultural loan when the borrower's financial condition improves to the point where a private lender may consider the borrower to be a good credit risk and is willing to fund the borrower's project.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1252 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Bunda, Chumbley, Matsunaga).

SCRep. 225 Economic Development on S.B. No. 1254

The purpose of this bill is to change the organizational designation of Measurement Standards from a division to a branch and to clarify the definition of "administrator".

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

Your Committee finds that an internal reorganization of the Department of Agriculture was approved in September, 1996, which changed the Measurement Standards program from a division to a branch under the Quality Assurance Division.

This housekeeping measure, which also makes a conforming change to the definition of "administrator", reflects the departmental reorganization.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1254 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Bunda, Chumbley, Matsunaga).

SCRep. 226 Economic Development on S.B. No. 1259

The purpose of this bill is to authorize an emergency appropriation of additional special and revolving funds in FY 1996-1997 to cover additional expenses related to the 1996 flood damages at the Waianae Agricultural Park and the Waimanalo Irrigation System on Oahu, and operation and maintenance of the Kekaha Agricultural Park Irrigation System on Kauai.

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

Your Committee finds that during the heavy rains and flooding of November, 1996, the Waianae Agricultural Park sustained damage to its roadways and drainage systems, and the Waimanalo Irrigation System sustained damage to sections of its Maunawili Ditch requiring cleanup and repairs. Further, additional expenses will be incurred to operate and maintain the newly opened Kekaha Agricultural Park Irrigation System.

The expenditures for the cleanup and repairs due to flooding and the operation and maintenance of the irrigation system at the Kekaha Agricultural Park will exceed the sums appropriated for FY 1996-1997 for agricultural resource management (AGR 141).

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1259 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 3 (Bunda, Chumbley, Matsunaga).

SCRep. 227 Economic Development on S.B. No. 1415

The purpose of this bill is to appropriate funds to the Department of Agriculture for the promotion of statewide agricultural activities of the Hawaii State Farm Fair.

Your Committee received testimony in support of this measure from the Department of Agriculture, the Hawaii Agriculture Research Center, the Hawaii Farm Bureau, and the College of Tropical Agriculture and Human Resources, University of Hawaii.

Your Committee finds that the Hawaii State Farm Fair is an annual showcase in which the State's diversified agricultural industry has an opportunity to highlight its locally-grown products and related activities to the State's largely urban-oriented population. It is a chance to educate the general populace as to the fundamental importance of the agriculture industry to the State's economy.

The Farm Fair features innovative and diverse exhibits ranging from livestock and produce to fruits and ornamental foliage and flowers, and has become a popular institution and major attraction for Hawaii's families and visitors.

This measure will provide continued support for an event that promotes the State's diversified agricultural industry and highlights the importance of Hawaii's rural areas to the general welfare and prosperity of the entire State.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1415 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 3 (Bunda, Chumbley, Matsunaga).

SCRep. 228 Economic Development on S.B. No. 1427

The purpose of this bill is to extend the sunset date of the Convention Center Authority (CCA) from June 30, 1998, to June 30, 1999.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism (DBEDT), the CCA, and the Hawaii Hotel Association.

Your Committee finds that the CCA was created to develop and operate the convention center. It not only oversees the construction of the convention center, but also administers the contract for the center's operator and manager, and monitors issues dealing with traffic and other infrastructure in and around the center.

The convention center is scheduled to open for operations on July 1, 1998. Currently, the CCA is scheduled to sunset on June 30, 1998. This measure as introduced would extend the life of the CCA an additional year in order to allow it to monitor the initial operations of the center during its opening year.

Your Committee further finds that since the success of the convention center is vital to the continued prosperity of the State's visitor industry, the operations of the center must be vigilantly and consistently monitored by the CCA beyond the date currently provided in this bill. In anticipation of the CCA ultimately being repealed, however, DBEDT should promptly determine feasible alternatives to the current governance structure of the convention center.

Your Committee has amended this measure by further extending the sunset date of the CCA to June 30, 2000, and by requiring DBEDT to report to the Legislature prior to the 1998 Regular Session on feasible alternatives to the current governance structure of the convention center in anticipation of the repeal of the CCA.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1427, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1427, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Bunda, Kawamoto, Matsunaga, Slom).

SCRep. 229 Economic Development on S.B. No. 1434

The purpose of this bill is to establish an income tax credit to encourage the renovation of transient accommodations throughout the State.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, the Department of Budget and Finance, the Department of Taxation, and the Hawaii Hotel Association. The Tax Foundation of Hawaii submitted testimony for informational purposes.

Your Committee finds that in the face of ever-increasing competition from other visitor destinations around the globe, we need to ensure that Hawaii's hotels and resorts are well-maintained and attractive to potential visitors. Unfortunately, the cost to refurbish, repair, and renovate our aging inventory of visitor accommodations can be prohibitive.

The income tax credit established by this measure will induce new renovation and remodeling activities that will generate income, jobs, and tax revenues for the State. In this regard, DBEDT has indicated that output, jobs, and income will all rise across a wide range of assumed renovation rates, and that in most cases analyzed, the increase in economic activity will result in a net positive impact on state revenues; that is, the increase in revenue from added economic activity will more than compensate for revenues lost as a result of the tax credit.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1434 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Bunda, Kawamoto, Matsunaga, Slom).

SCRep. 230 (Joint) Economic Development and Water, Land, and Hawaiian Affairs on S.B. No. 1597

The purpose of this bill is to establish administrative or civil penalties in chapter 187A, Hawaii Revised Statutes, dealing with aquatic resources.

Your Committees received testimony in support of this measure from the Board of Land and Natural Resources.

Your Committees find that currently, violations of aquatic resource laws are handled through criminal penalties. However, in some cases, the violations can be dealt with more efficiently and appropriately as civil matters. This measure authorizes the Department of Land and Natural Resources to establish penalties for civil violations.

Your Committees have amended this measure by deleting the additional fine of up to \$5,000 for specimens of rock or coral taken, broken, or damaged in violation of law, and by making several technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Economic Development and Water, Land, and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1597, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1597, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 231 (Joint/Majority) Economic Development and Transportation and Intergovernmental Affairs on S.B. No. 1752

The purpose of this bill is to change the transient accommodation tax rate and the percentages of transient accommodation tax revenues distributed to the counties.

Your Committees received testimony in support of this measure from the Department of Taxation and the ILWU Local 142. Testimony in opposition to this bill was received from the Department of Business, Economic Development, and Tourism, the Mayor of the County of Maui, the Maui Hotel Association, the Maui County Council, the Hawaii Hotel Association, and Outrigger Hotels and Resorts. The Department of Budget and Finance, the County of Hawaii Department of Finance, and the Tax Foundation of Hawaii submitted testimony, but did not take a position on this measure.

Your Committees find that the success of the Hawaii Convention Center is crucial to the continued prosperity of the State's visitor industry, and in turn, to the revitalization of the State's lagging economy. There is a need, however, to address how the State will pay for the Hawaii Convention Center, especially during these tough economic times.

One possible means to address this issue is to increase the transient accommodations tax and/or to adjust the transient accommodations tax distribution formula in a way that fairly balances competing demands for limited public funds.

Your Committees note, however, that all of the counties have experienced a serious reduction in real property tax income over the past few years, and as a result, now rely even more heavily on receiving current levels of transient accommodations tax income. Any decrease in those levels could result in a reduction of the vital services counties provide to their respective communities.

Your Committees have therefore amended this measure by deleting the section which would have changed the percentages of transient accommodations tax revenues distributed to the counties, and by making several technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Economic Development and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1752, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1752, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, 1 (Slom). Excused, 4 (Aki, Fernandes Salling, Iwase, Kanno).

SCRep. 232 Economic Development on S.B. No. 1792

The purpose of this bill is to appropriate funds to conduct a feasibility study on the establishment of a Honolulu City Air Terminal.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism.

Your Committee finds that there is a need to relieve congestion at the airport, especially during prime time arrival hours, in order to improve the departure experience of visitors to Oahu. A recent tightening of security measures at the airport has added even more time and delays to the typical airport departure.

One way to relieve congestion and delays at the airport would be to provide an airport substation in Waikiki, to be known as the Honolulu City Air Terminal, where departing passengers could check in their luggage and secure a boarding pass ahead of time, so that once at the airport, they could proceed directly to their assigned gate.

Similar facilities, such as the Tokyo City Air Terminal, are already in operation and may provide excellent models upon which to base the establishment of the Honolulu City Air Terminal.

Your Committee has amended this measure by deleting the \$150,000 appropriation amount and substituting in its place the amount of \$1.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1792, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1792, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Bunda, Kawamoto, Matsunaga, Slom).

SCRep. 233 (Majority) Economic Development on S.B. No. 1933

The purpose of this bill is to:

- (1) Establish the Hawaii Visitors and Convention Board special fund;
- (2) Provide total state funding in return for majority control (sixty percent) of the Hawaii Visitors and Convention Board; and
- (3) Increase the general excise, use, and public service company tax from four percent to an unspecified amount.

Your Committee received testimony expressing qualified support of this measure from the Department of Business, Economic Development, and Tourism (DBEDT), and the Department of Taxation, and full support from the Hawaii Visitors and Convention Bureau (HVCB). The Hawaii Hotel Association submitted testimony in opposition to this bill.

Your Committee finds that the visitor industry is vital to the State's economic recovery. It is important therefore for the State to carefully examine fundamental issues regarding the funding and management of Hawaii's visitor promotion efforts.

Under current law, DBEDT conducts tourism promotion on behalf of the State through a contractual relationship with HVCB, a private, nonprofit corporation. Despite the large amount of state funding given to HVCB, the only governmental agency with a member on HVCB's board of directors is the University of Hawaii Community Colleges.

This measure will permit majority state representation on the HVCB board, which in turn will allow the government more meaningful input in to how public funds for tourism promotion are actually spent. It will also increase the general excise, use, and public service company tax rates, and require that amounts collected representing the difference between the new and old rates be deposited into a new special fund to be used to pay the expenses of HVCB which will give HVCB a dedicated source of funding.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1933 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, 3 (Kawamoto, Solomon, Slom). Excused, 1 (Iwase).

SCRep. 234 (Joint) Transportation and Intergovernmental Affairs and Education on S.B. No. 1076

The purpose of this bill is to appropriate moneys for fiscal biennium 1997-1999, as grants-in-aid to the counties, for the expansion of the Drug Abuse Resistance Education (D.A.R.E.) Program to intermediate and high schools.

Your Committees received testimony in support of this bill from the Police Department of the City and County of Honolulu, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Honolulu City Council, Maui County Police Department, Hawaii County Police Department, GTE Hawaiian Tel, Hawaii D.A.R.E. Officers Association, Amfac Property Development Corporation, Gentry Homes, Schuler Homes, and two private citizens. The Department of Education and the Office of Youth Services submitted testimony in support of the intent of this measure and expressed concerns about requesting funding beyond the executive budget.

Your Committees support the county police department's plans to expand the Drug Abuse Resistance Education (D.A.R.E.) Program to intermediate and high schools over a five-year period. This measure displays tangible evidence of that support by providing state funding for the expansion in the first two fiscal years of the period. For the following three fiscal years, the legislature intends to provide additional state funding when permissible under the state constitution.

Your Committees amended this bill by providing additional information on the Drug Resistance Education Program and the five-year master plan, in section 1.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1076, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1076, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., McCartney).

SCRep. 235 Transportation and Intergovernmental Affairs on S.B. No. 1379

The purpose of this bill is to authorize the issuance of general obligation bonds in the amounts of \$420,000, \$40,000, and \$160,000 for three roadway improvement projects related to the construction of the Hawaii Convention Center.

Your Committee received testimony in support of this bill from the Office of Planning, Department of Business, Economic Development and Tourism, the Department of Transportation Services of the City and County of Honolulu, the Convention Center Authority, Neighbors of the Ala Wai, and a private citizen. The Department of Transportation submitted testimony in support of the intent of this measure.

Your Committee finds that the City and County of Honolulu does not have the capacity to generate revenues to implement the three projects recommended by the Advisory Task Force for the Waikiki Regional Traffic Impact Plan. Therefore, funding will be obtained from various sources, including a federal grant and a state appropriation. The three projects include: (1) the widening of the Kalakaua Avenue Bridge, (2) the Kalakaua Avenue widening project between Ala Wai Boulevard and Ena Road, and (3) the Kapiolani Boulevard widening project between Kaheka Street and Hauoli Street.

Your Committee finds that the Hawaii Convention Center, which is scheduled to be completed in 1998, will have significant and critical impact on traffic in the immediate area, and on Waikiki area residents, businesses, and the general public. Therefore, your Committee is compelled to respond favorably to the needs and welfare of the people of the area, the general public, and the visitors to the Convention Center by supporting the three improvement projects.

Your Committee has amended this measure by:

- (1) Requiring that the City coordinate the planning and construction of the three projects with the Convention Center Authority;
- (2) Including in the planning study of the Kalakaua Avenue project between Ala Wai Boulevard and Ena Road a need to provide adequate sidewalks for pedestrian traffic to and from the Convention Center; and
- (3) Noting there are Convention Center Authority plans in place to add a lane to the eastbound direction in the proposed widening of Kapiolani Boulevard, this bill has been changed to provide an additional lane on the mauka side of Kapiolani Boulevard between Atkinson Drive and Kalakaua Avenue.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1379, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1379, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Chumbley).

SCRep. 236 (Joint/Majority) Transportation and Intergovernmental Affairs and Water, Land, and Hawaiian Affairs on S.B. No. 1605

The purpose of this bill is to create a long-term supplemental funding source from the fuel tax for the Na Ala Hele Trail and Access Program through tax revenue generated by the sale of fuel.

Your Committees received testimony in support of this bill from the Department of Transportation, the Board of Land and Natural Resources, the Sierra Club, Hawaii Chapter, and the Hawaii Audubon Society. Testimony in opposition to this measure was submitted by Western States Petroleum Association.

Your Committees find that the Na Ala Hele Trail and Access Program's goal is to develop a statewide trail and access system which involves increasing the mileage of public trails and accesses, and insuring these areas of public use. Na Ala Hele utilizes and works with Division of Forestry and Wildlife crews and community volunteers to maintain, restore, and construct trails and accesses. This program is presently funded through nonpermanent and fluctuating legislative appropriations and federal grants. Current budget reductions have forced Na Ala Hele to cutback on trail restoration, new trail development, and have made ensuring adequate maintenance of existing trails difficult. The bill transfers 0.3 percent of the highway fuel tax to the special land and development fund for trail and access management, maintenance, and development. Private contributions and fees for trail and access use are also paid into the fund.

Your Committees have amended this measure by reducing the amount for the management, maintenance, and development of trails and accesses under the jurisdiction of the Department of Land and Natural Resources from \$500,000 to \$250,000.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Water, Land, and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B.

No. 1605, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1605, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, 1 (Slom). Excused, 6 (Aki, Chumbley, Fernandes Salling, Fukunaga, Taniguchi, Anderson).

SCRep. 237 Human Resources on S.B. No. 1653

The purpose of this bill is to expand the leave sharing program to allow employees to use donated leave credits for the care of family members before exhausting their own sick leave.

Your Committee received testimony in support of this bill from the Department of Personnel, City and County of Honolulu and the Hawaii State Teachers Association. Testimony against this bill was received from the Department of Human Resources Development.

Your Committee finds that the leave sharing law has been very beneficial to state and county employees and should therefore be expanded to include using accumulated donated sick leave to care for family members who have a serious personal illness or injury.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1653 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Baker, Levin, Anderson).

SCRep. 238 Education on S.B. No. 68

The purpose of this bill is to exempt from general excise taxation, public school fundraising activities that are undertaken for the purpose of purchasing or funding educational equipment, programs, or supplies.

Your Committee received testimony in support of the bill from the Department of Education, the Hawaii State Teachers Association, and the Hawaii Congress of Parents, Teachers, and Students. The Department of Taxation testified in opposition to the measure.

Your Committee finds that such fundraising activities should be encouraged by the State in so far as the benefits accrue to the public school system and replace taxes that would otherwise be levied to provide the same level of goods and services.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 68 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 239 Education on S.B. No. 441

The purpose of this bill is to increase support of education technology by promoting charitable contributions of educational technology equipment and services, and allowing a deduction from income taxes for such contributions to the Department of Education and the University of Hawaii.

Your Committee received testimony in support of the intent of this measure from the Hawaii State Teachers Association, and from the University of Hawaii, which deferred to the Department of Taxation for formal analysis of the proposed legislation. The Department of Taxation submitted testimony in opposition.

Your Committee is in agreement that in times of fiscal austerity, new approaches are necessary to ensure that adequate educational opportunities and resources are available for Hawaii's students. Encouraging private sector investment in educational technology infrastructure through charitable contributions will provide tangible, immediate benefits to Hawaii's public educational institutions and contribute to technical learning.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 441 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 240 Education on S.B. No. 858

The purpose of this bill is to provide funds for full-time teachers for the Department of Education's Community School for Adults.

Your Committee received testimony in support of this measure from the Hawaii Adult and Community Education Advisory Council, and from the Department of Education, with funding reservations.

Your Committee is in agreement that adult education programs provide an important service to Hawaii's people. Eleven community schools for adults enroll over 100,000 students each school year in a wide variety of programs, including basic and high school equivalency education, naturalization, workplace and family literacy, and general interest classes. Presently the community schools hire about 6,000 part-time teachers. Your Committee finds that giving the adult education program full-time positions will

enhance the stability of existing programs, allow for the development of new and innovative projects, and strengthen the professional development of educators committed to life-long learning opportunities.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 858 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 241 Education on S.B. No. 861

The purpose of this bill is to increase the number of nonvoting public high school student members on the Board of Education.

Your Committee received testimony supporting this measure from one public high school student. Testimony opposing this measure was received from the Board of Education.

Your Committee finds that presently, one student member on the Board represents 190,202 students from two hundred forty-five schools. The student member presents issues from eight districts in the State of Hawaii. Increasing the number of student members on the Board to two would increase the student members' efficiency by reducing the student member to student representation ratio to 95,101 students. This reduced ratio is more consistent with the constituent representation ratio of regular Board members which is between 30,000 and 80,000 constituents.

A specific number of nonvoting student members to serve on the Board has not yet been determined since your Committee awaits the Student Council's report and recommendation on the increased number.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 861 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 242 Education on S.B. No. 863

The purpose of this bill is to provide organizational flexibility to the secondary school students conference.

Your Committee received testimony in support of the bill from the Department of Education and students from two public high schools.

Your Committee finds that the bill:

- (1) Allows intermediate school students (grades 7-9) to attend the student conferences;
- (2) Allows the conference format to be in the form of a conference, summit, or district-centered conferences as determined by the student conference committee; and
- (3) Increases the membership of the student conference committee from sixteen to twenty-four students.

Your Committee believes that the bill provides the Department of Education and the students of public schools with the organizational flexibility and representation necessary to effectively derive meaningful solutions to the problems facing the student population of the State.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 863 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 243 Education on S.B. No. 917

The purpose of this bill is to appropriate \$1,949,940 in fiscal year 1997-1998, and \$2,597,520 in fiscal year 1998-1999, to expand the Success Compact and other school literacy development initiatives by employing ten resource teachers and by providing substitute hires for staff development.

Your Committee received testimony supporting this measure from the Department of Education, two teachers from Holomua Elementary School, three educators from Kapalama Elementary School, Waihee Elementary School, and three teachers and eight students from Kapunahala Elementary School.

Your Committee finds that Success Compact schools have experienced positive results in improving reading comprehension, math application, and attitudes toward learning. The improvements were documented by the Stanford Achievement Test results obtained after administering the test to the same students in grade three in 1992 and 1993, and again in grade six in 1995 and 1996. The Department of Education has provided charts and summaries of these test results.

Your Committee further finds that the Department of Education has established certain goals it hopes to achieve utilizing the Success Compact program. These are:

- (1) Readiness for school - children will be eager to learn;
- (2) Student Achievement - demonstrated achievement in all content areas. Ability to think critically, solve problems, communicate effectively, and to function as contributing members of society;
- (3) Character Development and Citizenship - be responsible and caring citizens with respect for themselves, for others, and for the world in which they live;
- (4) Learning Environment - provide students with a nurturing environment conducive to learning;
- (5) Educational Staff Competence - Teachers, administrators, and support staff are prepared with knowledge, skills, and the commitment necessary to ensure quality educational services and to be positive role models;
- (6) Community Involvement - all segments of society will accept responsibility for meeting educational needs; and
- (7) Lifelong Learning - value lifelong learning.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 917 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 244 Education on S.B. No. 919

The purpose of this bill is to appropriate moneys to the Department of Education for the establishment of five learning opportunity academies on Oahu and the neighbor islands.

Your Committee received testimony in support of this bill from the Department of Education and the Office of Hawaiian Affairs.

Your Committee finds that Hawaii's education system is not reaching all students. In an effort to teach students considered to be in this gap group, five learning opportunity academies, to include at-risk students who have difficulty learning in the traditional school setting, are being proposed. Each learning opportunity academy will offer core academic courses and a variety of electives which fulfill high school graduation requirements. Advanced placement and skills courses and school-to-work transition services will also be offered. Child care will also be provided to further encourage young parents to complete their high school education.

Your Committee is concerned about reaching students who have difficulty learning in the traditional school setting, and finds that this bill will help to provide these students educational and career opportunities to lead rewarding and successful lives.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 919 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 245 Education on S.B. No. 920

The purpose of this bill is to appropriate funds to the Department of Education for year-round, multi-track education.

Your Committee received testimony in support of the measure from the Department of Education.

Your Committee finds that the appropriations contained in the bill would assist the Department of Education in the more efficient use of new and existing school facilities.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 920 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 246 Education on S.B. No. 922

The purpose of this bill is to appropriate moneys to the Department of Education for an additional one-hundred-twelve teachers, fifty-six educational assistants, and funds for supplies for special education.

Your Committee received testimony in support of this bill from the Hawaii State Teachers Association. The Department of Education submitted testimony in support of the bill with reservations on funding.

Your Committee is concerned with the shortfall in instructors and supplies for Hawaii's special education students. Specially designed instruction is necessary to meet the unique learning characteristics and instructional needs of students with disabilities in the

least restrictive environment. Lack of instructors may jeopardize the appropriate provision of special education and related services, and support needed to students with disabilities.

Your Committee finds that additional teachers, educational assistants, and supplies are necessary to provide students with disabilities a quality, supportive, and free public education.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 922 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 247 Education on S.B. No. 993

The purpose of this bill is to provide schools the opportunity to conceive, design, and implement innovative and substantive arts education programs, such as an arts-based curriculum, discipline-based art education, and collaboration with professional artists.

Your Committee received testimony in support of this measure from the Hawaii State PTSA, and from the Department of Education, with funding reservations.

Your Committee is in agreement that the arts are an important part of a comprehensive, well balanced education and that schools play an active role in introducing students to innovative arts programs.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 993 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 248 Education on S.B. No. 994

The purpose of this bill is to provide off-ratio teacher positions to support middle schools in the Central, Leeward, Windward, Hawaii, Maui, and Kauai districts as they implement interdisciplinary team organizations and related middle school program components, such as advisory and exploratory programs.

Your Committee received testimony in support of this measure from Ilima Intermediate School, Ewa Beach, and from the Department of Education, with funding reservations.

Your Committee is in agreement that the middle school period is a critical time for adolescents. In 1996, the Legislature provided funds for additional middle school teachers in the Honolulu district. This measure would provide support for the middle schools in the remaining districts, and create the flexibility needed to work more effectively with the students.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 994 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 249 Education on S.B. No. 1129

The purpose of this bill is to appropriate funds to support the senior citizen and adult education program of the Department of Education's Community School for Adults.

Your Committee received testimony in support of the bill from the Department of Education and the Executive Office on Aging.

Your Committee finds that the State's senior citizen population is growing and there has been a corresponding increase in the demand for senior citizens' programs at the community schools. Funding for this program will provide the necessary mechanism toward the State's goal of lifelong learning amongst its citizenry.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1129 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 250 Education on S.B. No. 1132

The purpose of this bill is to propose a constitutional amendment to allow the student member of the Board of Education (BOE) to vote.

Your Committee received testimony in support of this bill from the Hawaii State Teachers Association, Common Cause Hawaii, the Hawaii State Student Council, and numerous student individuals. Testimony in opposition was received from the BOE.

Currently, the student representative position on the BOE is nonvoting. This bill would allow that student to vote, provided that the student is not allowed to vote on any issue directly pertaining to either fiscal or personnel matters. Thus, the bill effectively allows the student to vote strictly on school related and student related matters.

Your Committee believes that the student member should be able to effectively represent the students by having a right to vote on matters directly affecting them. Furthermore, student leaders of today have a level of knowledge and maturity that enables them to make informed decisions.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1132 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 251 Education on S.B. No. 1236

The purpose of this bill is to appropriate an unspecified sum in fiscal year 1997-1998, and in fiscal year 1998-1999, to the Department of Education to fund an Attention Deficit Disorder program.

Your Committee received testimony supporting this measure from the Hawaii Congress of Parents, Teachers, and Students and a concerned individual and parent. The Department of Education submitted testimony supporting this measure with funding reservations.

Your Committee finds that for years many of Hawaii's children who have Attention Deficit Disorder (ADD) have gone through the school system undetected. The special education programs that are now in place are inadequate to handle the different types of learning disabilities and behavioral problems, and often the various learning disabilities are lumped together.

Your Committee further finds that ADD is a disability included under Section 504 of the Rehabilitation Act of 1973. The Department of Education has been working on providing an ADD program to deal effectively with ADD children. This appropriation would assist in the Department's efforts.

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

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 252 Education on S.B. No. 1574

The purpose of this bill is to amend the sections of the Hawaii Revised Statutes (HRS) that relate to child immunizations for school by:

- (1) Amending section 302A-1155, HRS, to allow provisional admission for students not meeting the three month immunization certification submittal requirement due to the minimum interval between vaccine requirement, if proof of future completion of immunization appointments can be provided;
- (2) Amending section 302A-1161, HRS, by repealing the three month requirement and substituting the administrator of the school for the Department of Education referral to the Department of Health for notice purposes;
- (3) Amending section 321-242, HRS, by expanding the role of services school health aides provide to include the administration of medications needed for emergency or life threatening situations subject to parent or guardian authorization and prescription by a licensed physician or practitioner;
- (4) Amending section 325-17, HRS, by requiring that any test used for anything other than experimentation must be FDA approved, and updating the tests and results standards; and
- (5) Amending section 325-35, HRS, by repealing the requirement that various offices of the Department of Health maintain complete rosters of all exemptions from vaccination that particular office granted.

Your Committee received testimony supporting this measure from the Department of Health. The Department of Education provided testimony supporting the intent of the bill but deferred to the Department of Health. The HGEA/AFSCME provided testimony opposing this measure.

Your Committee finds that this bill updates the laws relating to student immunization, school health aides, and HIV testing to cover current practices, and repeals provisions no longer necessary.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1574 and recommends that it pass Second Reading and be referred to the Committee on Health and Environment.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 253 Education on S.B. No. 1624

The purpose of this bill is to amend section 312-10, Hawaii Revised Statutes, by:

- (1) Changing the name of the advisory council from the governor's council for literacy and lifelong learning to Hawaii's alliance for literacy and lifelong learning;
- (2) Reducing the alliance membership from eighteen to seven members;
- (3) Replacing the governor with the Board of Education as the appointing agent; and
- (4) Repealing the requirement that the alliance advise the Board of Education on matters relating to literacy and lifelong learning programs and replacing the alliance's duties with planning community level programs.

Your Committee received testimony supporting this measure from the State Librarian.

Your Committee finds that in 1996, the State Librarian submitted a Blueprint for Literacy to the Board of Education which was approved in May, 1996. The overall intent of the Blueprint for Literacy and Lifelong Learning are to focus and maximize literacy resources on both the community and state levels through clearly defined strategies, identified outcomes, and changes to the existing literacy and lifelong learning mandate. Your Committee believes the amendments made in this bill will help to accomplish the Blueprint's goal which is to ensure a literate Hawaii.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1624 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 254 Education on S.B. No. 1625

The purpose of this bill is to authorize the Board of Education to establish and specify the membership number and quorum requirements of the library advisory commission. The bill also repeals provisions mandating a library advisory commission for each county, and setting the commission membership size.

Your Committee received testimony supporting this measure from the Board of Education.

Your Committee finds that county library advisory commissions were faced with the possibility of elimination because of the governor's proposed reduction of state boards and commissions. County library advisory commissions provide valuable information gleaned in their role of managers of the public library system.

Your Committee believes that by providing the Board of Education with appointment powers and the discretion of retaining or eliminating the county commissions, the Board can make the most efficient use of its budget.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1625 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 255 Education on S.B. No. 1680

The purpose of this bill is to appropriate the sum of \$307,087 for fiscal year 1997-1998 and the sum of \$332,504 for fiscal year 1998-1999 for personnel and equipment to enable the Department of Education (DOE) to implement new responsibilities of workers' compensation administration.

Your Committee received favorable testimony from the Superintendent of Education who testified that new personnel and equipment were necessary to carry out workers' compensation management responsibilities transferred from the Department of Human Resource Development to DOE. Approximately 1,000 active workers' compensation cases, and 1,550 closed cases, which may be reactivated, will be transferred to DOE effective July 1, 1997. DOE will be required to pay benefits, service each claimant, and provide management and cost containment.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1680 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 256 Education on S.B. No. 1681

The purpose of this bill is to appropriate the sum of \$1,300,000 for fiscal year 1997-1998, and the sum of \$1,400,000 for fiscal year 1998-1999 to pay workers' compensation wage replacement costs in the Department of Education.

Your Committee received favorable testimony from the Superintendent of Education who testified that the Governor delegated workers' compensation management responsibilities from the Department of Human Resource Development (DHRD) to the Department of Education (DOE) effective July 1, 1997. However the DOE's proportionate share of the workers' compensation budget transferred from DHRD did not include a separate \$1,300,000 appropriation previously budgeted for wage replacement costs. Restoration of this appropriation is necessary for DOE to carry out its responsibilities.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1681 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 257 Education on S.B. No. 1682

The purpose of this bill is to appropriate the sum of \$101,894 for fiscal year 1997-1998 and the sum of \$118,151 for fiscal year 1998-1999 for three permanent positions to implement newly assigned responsibilities for an unemployment insurance cost reduction program.

Your Committee received favorable testimony from the Superintendent of Education. The new positions are necessary to carry out responsibilities imposed on the Department of Education (DOE) when the Governor transferred unemployment fiscal responsibilities from the Department of Labor and Industrial Relations to 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 S.B. No. 1682 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 258 Education on S.B. No. 1691

The purpose of this bill is to appropriate funds to establish six full-time permanent positions in the department of education for the Junior Reserve Office Training Corps program.

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

Your Committee finds that the Junior Reserve Office Training Corps program has been praised by educators throughout the State and nation. The program has grown in popularity among students in the State. Nationally, the number of schools with the Junior Reserve Office Training Corps programs have increased from eight to twenty-one between 1992 and 1995. In Hawaii, insufficient funds have been appropriated to the program. Forty-eight instructors in the Department of Education are needed to meet the current staffing requirements of the program. However, only forty-two positions are authorized and paid through appropriations specifically for the Junior Reserve Office Training Corps program. The six shortfall positions are presently being filled using a combination of reserve positions and district or school funds.

Your Committee finds merit in the Junior Reserve Office Training Corps program and believes that funding for the shortfall should be provided.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1691 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 259 (Joint) Transportation and Intergovernmental Affairs and Education on S.B. No. 822

The purpose of this bill is to grant immunity from civil liability for official decisions of any county neighborhood commission or board, student centered school board, or school community based management council.

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

Your Committees find that protection from civil liability will encourage parents, community members, teachers, students, and support staff to voluntarily serve on student-centered school boards and school community based management councils. It also will encourage these boards and councils to take the risk of making innovative decisions to improve the educational experience and performance of students. This bill works together with the goals of the school based management council and student centered schools. Similar protections granted neighborhood boards are necessary to further the aims of the boards to encourage citizen members to seek board seats and to make decisions.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 822 and recommend that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., McCartney).

SCRep. 260 Transportation and Intergovernmental Affairs on S.B. No. 14

The purpose of this bill is to allow renewal of commercial drivers' licenses for 4-year periods up to age 72 instead of age 65. It also requires implementation in a manner that requires no expenditure by counties unless counties choose different means and pay their own costs.

The Department of Transportation testified in support of this bill, referring to current national data which indicated that drivers age 75 and over are more at risk of crash involvement than the average driver. Expanding the group of drivers receiving 4-year drivers' licenses to include ages 65 to 72 should not dramatically affect highway safety.

Your Committee adopted the recommendation of the Department of Transportation to amend section 3 of the bill by deleting the provision that permits a county to implement the Act differently as long as it pays for expenses incurred. The purpose of this amendment is to ensure uniformity when issuing drivers' licenses statewide.

Further, your Committee changed the effective date from July 1, 1997, to January 1, 1998, to allow the Department of Transportation time to develop procedures to implement this Act, and made technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 14, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 14, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Slom).

SCRep. 261 Transportation and Intergovernmental Affairs on S.B. No. 16

The purpose of this bill is to appropriate funds to the department of transportation for the development of an intra-island ferry system on Oahu.

Your Committee received testimony from the public in support of the bill. Your Committee also received testimony from the State Department of Transportation, the Leeward Oahu Transportation Management Association, and the City and County of Honolulu in support of this bill.

Your Committee finds that the State is faced with a serious traffic problem. Our highways and roads are congested and there is no sight of a remedy in the immediate future. With the growing population base on Oahu, especially on the Leeward side, and the lack of alternative sources of transportation for our communities, we must provide relief for thousands of individuals who sit idle in traffic. Now, with improved technology, ferries are bigger, smoother, and more economical than ever before. Therefore, your Committee sees fit to once again look into ferry transit as an alternative to relieve our growing traffic congestion.

Your Committee adopted the recommendation of the Department of Transportation to amend section 2 of the bill by substituting the direction to plan the design and construct with a direction to perform a feasibility study. Your Committee also left the appropriation amount of \$, so it can be implemented within the overall financial plan.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 16, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 16, S.D. 1, and be referred to the Committee on Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Slom).

SCRep. 262 Transportation and Intergovernmental Affairs on S.B. No. 22

The purpose of this bill is to grant immunity for physicians who render assistance during disaster situations.

Your Committee received testimony from the Hawaii Medical Association and the Hawaii Nurses Association in support of the bill. Your Committee also received testimony from the Department of Defense and the Department of Health in opposition to the bill. Your Committee finds, that during times of disasters, assistance from qualified medical professionals in the State can save lives. However, these medical professionals feel they are not presently immune from liability during disaster situations. This bill extends the scope of the Good Samaritan Law to individuals in times of great need.

Your Committee upon further examination concluded that the bill should be amended to include licensed health practitioners in the State of Hawaii, and substituted health care for medical care at the end of subsection (a).

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 22, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 22, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Slom).

SCRep. 263 Transportation and Intergovernmental Affairs on S.B. No. 116

The purpose of this bill is to prohibit the possession, use, or sale of radar detectors in the State. Exemptions include law enforcement officers, motor vehicles owned by the State and counties, receivers of radio waves used for lawful purposes, and sales of radar detectors to law enforcement agencies.

The police departments of Hawaii and Maui in testimonies submitted in support of this bill, cited speeding as among the predominant causes of traffic accidents, oftentimes involving fatalities. In addition, they stressed that radar detectors are primarily used to circumvent the law and avoid the issuance of speeding citations.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 116 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Slom).

SCRep. 264 Transportation and Intergovernmental Affairs on S.B. No. 193

The purpose of this bill is to require persons seeking motorcycle liability coverage to have enrolled in and passed an education course approved by the Department of Transportation or any branch of the U.S. military that meets the Motorcycle Safety Foundation standards.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, Carr's Insurance Agency, Street Bikers United, and several private citizens. Testimony in opposition to this bill was submitted by the Department of Transportation.

Your Committee finds that currently, motorcycle safety courses available through the Armed Forces are not recognized by the Department of Transportation, even though the courses are recognized by the Motorcycle Safety Foundation, and are virtually the same as state-recognized courses available through the University of Hawaii. This measure will further motorcycle education in the State, which may decrease the number of traffic fatalities and accidents.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 193 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 265 Transportation and Intergovernmental Affairs on S.B. No. 246

The purpose of this bill is to allow counties the opportunity to adopt, by ordinance, a preference for local businesses on county procurement contracts.

Your Committee received testimony in support of this bill from the County Council of Maui, the Hawaii State Association of Counties, the Hawaii Operating Engineers Industry Stabilization Fund, and the City and County of Honolulu.

Your Committee finds that with the passage of Act 288, Session Laws of Hawaii 1996, the State made great strides toward assisting our local businesses. The counties recognizing this, wish to seek the same preference for their own county procurement contracts. In keeping with the intent of Act 288, your Committee believes that by allowing the counties to adopt this preference for local bidders, we can better facilitate in the recovery of our economy.

Your Committee upon further examination concluded that this bill should be amended to provide for continuity among the counties, and replaced the word "similar" for "identical" in section 46-56(b), Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 246, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 246, S.D. 1, and be referred to the Committee on Government Operations and Housing.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Chumbley).

SCRep. 266 Transportation and Intergovernmental Affairs on S.B. No. 264

The purpose of this bill is to reduce the general excise tax rate from four per cent to two per cent for the sale of goods and services to the counties from the general excise tax. It also requires the counties to apply any savings realized from the reduction of the general excise tax to certain programs relating to youth, health, safety, and crime prevention.

Your Committee received testimony in support of this bill from the Department of Budget of the City and County of Honolulu, Consulting Engineers Council of Hawaii, and a private citizen of Maui. The Office of the Mayor of the City and County of Maui submitted testimony in support of the intent of this bill. Testimony in opposition of this measure was received from the Department of Taxation.

Your Committee recognizes that by reducing the general excise tax rate by one-half of its current level, it will relieve the financial burden felt by each county, and further stimulate each county's economy.

Your Committee amended this bill by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 264, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 264, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Chumbley, Fernandes Salling).

SCRep. 267 Transportation and Intergovernmental Affairs on S.B. No. 268

The purpose of this bill is to create a graduated drivers' licensing program within the State of Hawaii. It institutes an intermediate learners' permit between the existing learners' permit and drivers' license.

Your Committee received testimony in support of this bill from the State Department of Transportation, the City and County of Honolulu, the National Association of Independent Insurers, State Farm Insurance Companies, Mothers Against Drunk Driving, the American Academy of Pediatrics, Hawaii Insurers' Council, the Honolulu Police Department, and the Youth in Action.

Your Committee finds that auto accidents are a leading killer of teenagers. According to statistics provided by the National Association of Independent Insurers, nationally, more than 5,600 teens were killed in auto accidents in 1995. Teens are disproportionately involved in auto accidents. Drivers 16 and 17 years of age have more than twice the average number of crashes in their first year of driving and have four times as many crashes per miles driven as do experienced adult drivers. In Hawaii, the death rate for teens in motor vehicle crashes in 1995 was 37 per 100,000 licensed drivers. Hawaii drivers age 20 and up were involved in fatal accidents at a rate of 14 per 100,000. This means that Hawaii teens were killed in motor vehicle accidents at a rate twice that for adult drivers. Teenage drivers make up 5.23 percent of Hawaii's driving population but they are involved in 10.77 percent of all fatal accidents in the State. The proposed graduated licensing program counters the inexperience and safety hazard posed by young drivers by gradually exposing them to the challenges and responsibilities associated with driving an automobile. The need for a graduated licensing program is clear.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 268 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 268 Transportation and Intergovernmental Affairs on S.B. No. 297

The purpose of this bill is to appropriate moneys to the City and County of Honolulu for the upgrade of the Honolulu Police Department's telecommunications system.

Your Committee received testimony in support from the Police Department of the City and County of Honolulu.

Your Committee is concerned for the safety of the public and of our police officers, especially in circumstances of emergencies and disasters. The Honolulu Police Department has been operating with an antiquated data voice system to communicate between field officers and dispatch for many years. An effective telecommunications system is a vital link to maintaining law and order. If the data communications radio system is not upgraded, the Honolulu Police Department will be faced with operational problems, limited access for field officers to automated information, and increased time and cost to manually process written reports. Your Committee wishes to resolve these concerns by providing moneys to complete Phase III and to begin the last four phases of the telecommunications upgrade project by acquiring a Mobile Data Terminal System.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 297 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 269 Transportation and Intergovernmental Affairs on S.B. No. 310

The purpose of this bill is to authorize police to either arrest or issue a citation to individuals operating a motor vehicle without no-fault insurance.

Testimony in support of this measure was submitted by the Honolulu Police Department.

Your Committee finds that authorizing the arrest of persons driving without no-fault insurance will strengthen the mandated requirement of having no-fault insurance while driving on our highways.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 310 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 270 Transportation and Intergovernmental Affairs on S.B. No. 362

The purpose of this bill is to require persons convicted of criminal offenses against children and sex offenses to disclose certain information upon their relocation to the State.

Your Committee received testimony in qualified support of the intent of the bill from the Department of the Attorney General, Office of Information Practices, and the Hawaii State Coalition Against Sexual Assault. The Honolulu Police Department testified in opposition to the bill.

Your Committee finds that on May 17, 1996, the President approved "Megan's Law" regarding the disclosure of information maintained by state law enforcement agencies responsible for registering persons convicted of crimes against children and sex offenses. This recent amendment changed the provisions regarding disclosure of information by state law enforcement agencies from a discretionary to a mandatory release of information. In addition, it appears that other provisions of the federal law need to be incorporated in the state law. Thus, certain amendments were made so that the policies governing Hawaii's registry will comply with the recent federal mandate.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 362 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 271 Transportation and Intergovernmental Affairs on S.B. No. 635

The purpose of this bill is to allow certain small business taxpayers recovering from the impact of a natural disaster to elect to defer the payment of general excise taxes. The small business electing to defer payments must be located in a county with a population base of less than one-hundred thousand.

Your Committee received testimony in support of this bill from the Department of Taxation and the Department of Business, Economic Development, and Tourism. Your Committee also received comments on this bill from the Tax Foundation of Hawaii.

Your Committee finds that businesses in Hawaii have been struggling to recover from economic hardship and will continue to struggle if the State does not take an active role in assisting these businesses through rough times. Hurricane Iniki, the closing of sugar plantations, and a lagging economy left over from the national recession have all contributed to our economic situation. As a State we lead the nation in bankruptcy, and now we have before us an opportunity to help make things right. Your Committee on Transportation and Intergovernmental Affairs wishes nothing more than to contribute to our State's recovery and recommends we expand the spirit of this bill to encompass more businesses affected by our economic condition.

Your Committee upon further examination concluded that this bill should be amended to allow for a broader spectrum of businesses to elect the deferment of general excise taxes. Your Committee has added language to include businesses economically dislocated due to industrial downsizing and by allowing islands with an unemployment rate of ten percent or higher, as of November 1996, to be included in the deferment of general excise taxes. Technical, nonsubstantive changes also were made for clarity.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 635, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 635, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Chumbley).

SCRep. 272 Transportation and Intergovernmental Affairs on S.B. No. 638

The purpose of this bill is to appropriate funds for the construction of a flight trainer simulator on the island of Kauai.

Your Committee received testimony in support of the intent of the bill from the Department of Transportation (DOT). The DOT suggested that in building such a simulator consideration be given to consulting with the airlines as to current need and intended usage in order to determine the type of simulator which should be built. Simulators range in cost from \$150,000 to \$17,000,000. Further consideration should be given as to where on Kauai the simulator should be located.

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

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 638, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 638, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 273 Transportation and Intergovernmental Affairs on S.B. No. 700

The purpose of this bill is to appropriate the sum of \$25,000 for fiscal year 1996-1997, and the sum of \$50,000 for fiscal year 1997-1998 to provide burial assistance to Filipino veterans of World War II.

Your Committee received favorable testimony from the Director of Veterans Affairs and from the Veterans of Foreign Wars.

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

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 700, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 700, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Sлом).

SCRep. 274 Transportation and Intergovernmental Affairs on S.B. No. 711

The purpose of this bill is to allow courts to suspend the driver's license of a driver who fails to pay a civil traffic judgment or default judgment resulting from a moving traffic citation within ninety days.

The Judiciary submitted testimony in support of this measure.

Your Committee finds that section 291D-10, Hawaii Revised Statutes, currently allows courts to issue stoppers which are placed on the violator's driver's license or motor vehicle registration. These stoppers prevent the violator from renewing a driver's license or motor vehicle registration. However, your Committee notes that under the current traffic code, many violators do not immediately realize the consequence of a stopper since in some cases driver's licenses are renewed every four years and motor vehicles registrations are renewed only once a year.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 711 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 275 Transportation and Intergovernmental Affairs on S.B. No. 821

The purpose of this bill is to allow the county planning commission of the county in which the land is situated to handle petitions to reclassify agricultural land of less than fifty acres to rural.

Your Committee received testimony in support of the bill or its intent from: the County of Hawaii Planning Department, the City and County Planning Department, a concerned individual from Maui, the Land Use Research Foundation, the Hawaii Association of Realtors, and the Sierra Club. Testimony in opposition to the bill was received from the Land Use Commission (LUC), the Office of Planning (OP), and Hawaii's Thousand Friends (HTF).

Both proponents and opponents of the bill had concerns over the measure. The LUC questioned the need for such a bill given the lack of demand to reclassify land from agricultural to rural. The OP had concerns that reclassification could result in 100 dwelling units on a fifty acre lot with potential for significant impacts on public facilities. The HTF and the Sierra Club were concerned by the potential for significant conflict of interests if a county official were to appear before a county planning commission. Proponents of the bill were concerned as to whether the county council should decide these petitions rather than the county planning commissions. Testimony also indicated, however, that the counties were authorized under current law to reclassify land of less than fifteen acres.

Your Committee believes that further discussion should occur on this bill and has made only technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 821, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 821, S.D. 1, and be referred to the Committee on Water, Land, and Hawaiian Affairs.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Sлом).

SCRep. 276 Transportation and Intergovernmental Affairs on S.B. No. 868

The purpose of this bill is to strengthen "implied consent" laws in Hawaii, by deeming persons who operate a motor vehicle or moped, to have consented to a blood test for the presence of drugs when there is probable cause to believe that person is driving under the influence of drugs.

Your Committee received testimony in support of this measure from the Department of Transportation, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Department of the Prosecuting Attorney of the County of Maui, the Maui Police Department, Mothers Against Drunk Driving, Clinical Laboratories of Hawaii, and the Hawaii Medical Association. The Police Department of the City and County of Honolulu submitted testimony in support of the intent of this measure.

Your Committee finds that individuals who drive with drugs in their system have impaired mental and physical abilities that represent a danger to the community equal to that of drunk drivers. In order to adequately protect the public from drugged drivers, strong laws must be enacted similar to laws already in effect for drunk drivers.

Your Committee has amended this measure by including urine testing for the purposes of determining drug content. Urine testing does not require a lab technician, nurse, or specially trained person to administer, and drug metabolites are easier to detect in urine than in blood samples.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 868, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 868, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 277 Transportation and Intergovernmental Affairs on S.B. No. 869

The purpose of this bill is to clearly allow law enforcement officers to arrest individuals driving without a valid drivers' license.

Your Committee received testimony from the State of Hawaii Organization of Police Officers, the Maui County Police Department, and the Honolulu Police Department in support of this bill.

Your Committee finds that due to decriminalization, our current law provides people with the opportunity to "beat the system." Under current law and court cases, a police officer can only issue a citation to a person driving without a valid drivers' license. This situation makes it easy for individuals to lie about their name and address, making it impossible for police to determine if there is a warrant out for this individual's arrest.

Your Committee has broadened the scope of the bill by deleting the reference to the offender being deceptive or misleading in providing the offender's name or address. This amendment will allow a law enforcement officer to arrest a person if the officer has reasonable grounds to believe that the offender is being deceptive or misleading for any reason. Technical, nonsubstantive changes were also made.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 869, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 869, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 278 Transportation and Intergovernmental Affairs on S.B. No. 870

The purpose of this bill is to limit the circumstances under which a person under the age of eighteen may ride in the bed of a pickup truck.

Your Committee received testimony in support of the bill from the Department of Health, the Department of Transportation, the State Commission on Persons with Disabilities, and numerous other organizations and concerned individuals.

Your Committee finds that under this bill, after July 1, 1998, the circumstances under which a minor may ride in the bed of a pickup truck would be limited to when:

- (1) An emergency exists that threatens the life of the passenger being transported in the bed or load-carrying area of the vehicle;
- (2) The vehicle is being operated in an agricultural enterprise or pursuant to regulations imposed by any state or federal law, rule, or regulation regarding the transportation of employees in a pickup truck;
- (3) The vehicle is operated by a person or corporation operating a business or businesses that serve the public, who or which are subject to the jurisdiction, supervision, and rules prescribed by state agencies or departments or by their agents or employees when engaged in the business of the persons or corporations;
- (4) The vehicle is being operated in parades, caravans, or exhibitions which are officially authorized or otherwise permitted by law;
- (5) The passenger is being transported by a public agency or pursuant to the direction or authority of the department of transportation; or
- (6) The bed is equipped with a federally-approved seat restraint system.

The bill also imposes a fine of \$500 on persons who violate this law.

Your Committee agrees that riding in the back of a pickup truck is an unnecessary risk that often results in the serious injury or death of those passengers.

Understanding the serious health risks involved, your Committee has extended the purview of the bill to include all persons rather than just minors.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 870, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 870, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 279 Transportation and Intergovernmental Affairs on S.B. No. 991

The purpose of this bill is to establish implied consent provisions, such as allowing blood or urine testing, to confirm driving under the influence of drugs. If a person refuses to be tested for drugs, the person's driver's license will be suspended and the person shall be required to undergo drug assessment and treatment, if necessary.

Testimonies of support were submitted by Mothers Against Drunk Driving, the Department of Transportation, Honolulu Police Department, Department of the Prosecuting Attorney of the City and County of Honolulu, Maui County Police Department, Prosecuting Attorney's Office of the County of Maui, Youth in Action, Clinical Laboratories of Hawaii, and an emergency physician.

A state survey conducted in 1995 found drug use on the increase. The statistics revealed one in ten Hawaii adults abuse drugs and/or alcohol. The people who use drugs undoubtedly drive under the influence of drugs. When a driver has been stopped for reckless driving and the police officer suspects drug impairment since alcohol tests register at a low level, the officer is not able to test for drugs in order to make an arrest. Drug-impaired drivers know they can easily escape prosecution at this time and a deterrent is necessary. When people drive under the influence, whether it be from alcohol or drugs, they are putting the lives of all persons on the road in danger. This bill will help law enforcement officers take stronger measures on those who abuse the privilege of a driver's license, and endanger the lives of others.

Your Committee adopted the recommendations of Mothers Against Drunk Driving and the Honolulu Police Department by: (1) requiring any impaired driving offense, whether alcohol or drug related, to count as a prior offense; (2) revising section 286-A, subsection (d), to require that alcohol and drug enforcement contacts that occurred before the date this bill takes effect be counted in determining the revocation period; and (3) adding to section 286-151, subsection (e), language which clarifies that drug testing is not a substitute for alcohol testing. Your Committee also made other technical and nonsubstantive changes for clarification purposes.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 991, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 991, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 280 Transportation and Intergovernmental Affairs on S.B. No. 1194

The purpose of this bill is to appropriate \$14,000,000 from the Harbor Special Fund for the design, construction, and other improvements to Barbers Point Harbor.

Your Committee received testimony in support of this bill from Marisco, Ltd., Barbers Point Harbor Advisory Council, Pacific Resource Partnership, and Hawaii Metal Recycling Company. The Department of Transportation testified in support of the intent of this measure.

Your Committee is well aware that Hawaii's construction industry has been in a slump for over two years. Thousands of construction workers remain unemployed, and many contractors and businesses have been forced to shut down. The construction industry must rely on other types of projects like the Barbers Point Harbor improvements, for employment. Without realizing it, the people of Hawaii already benefit greatly from the tremendous amount of goods that are being imported and exported through Barbers Point Harbor. The goods are used daily by every person in Hawaii, and help to sustain businesses, and keep our economy moving. Improvements at Barbers Point will facilitate the movement of goods in and out of Hawaii, and will assist our construction industry.

Your Committee amended this measure by specifying that the appropriation is to be made available during fiscal year 1997-1998.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1194, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1194, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Slom).

SCRep. 281 Transportation and Intergovernmental Affairs on S.B. No. 1197

The purpose of this bill is to increase the licensing periods from four to six years for persons between ages eighteen to sixty-nine years; from two to four years for persons between fifteen to seventeen years; and two-year licenses for persons over age seventy years.

Your Committee received testimony in support of this bill from the Department of Transportation and the Department of Finance of the City and County of Honolulu.

Your Committee finds that accident statistical data show that the frequency of renewal testing does not change driving habits nor lower accident rates. In Hawaii, it appears that individuals in the age groups of fifteen to twenty-four, and sixty-five years and older have a renewal test pass rate of close to one-hundred per cent, as compared to approximately ninety-five per cent for applicants who are between twenty-five to sixty-four years old. Hawaii and Iowa are the only states that have different licensing periods for both younger and older age groups. In Iowa, applicants who are under eighteen years and over seventy years old are issued two-year licenses. Hawaii is one of eight states that requires an applicant for license renewal to successfully complete the rules of the road knowledge test.

Your Committee has amended this bill by increasing the six-year license period for ages eighteen to seventy-one years instead of sixty-nine years; and applying the two-year license period to persons seventy-two years of age and over instead of seventy years old and over. Technical, nonsubstantive changes also were made for the purposes of style and clarity.

This bill, as amended, will streamline the driver's licensing procedures while maintaining an appropriate level of public safety. In testimony received by the Department of Finance of the City and County of Honolulu, accident statistical data show that frequency of renewal testing does not change driving habits nor lower accident rates.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1197, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1197, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 282 Transportation and Intergovernmental Affairs on S.B. No. 1256

The purpose of this bill is to clarify the authority of state and county law enforcement officers relating to the illegal movement and ownership of livestock.

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

Your Committee finds that personnel within the Department of Agriculture, livestock inspectors, and veterinary medical officers do not have police powers to stop and detain transporters of livestock.

Your Committee has amended this measure to allow, instead of require, state and county law enforcement officers to issue citations pertaining to the certification of ownership and illegal movement of livestock. Statutory language corrections and technical, nonsubstantive changes were also made.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1256, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1256, S.D. 1, and be referred to the Committee on Economic Development.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Chumbley, Fernandes Salling).

SCRep. 283 Transportation and Intergovernmental Affairs on S.B. No. 1373

The purpose of this bill is to authorize the issuance of general obligation bonds to finance an 800-MHZ trunked telecommunications system for the county of Hawaii.

Your Committee received testimony in support of this bill from the Department of Public Safety and the County of Hawaii Police Department.

Your Committee finds that there is a critical need to upgrade the telecommunications system of the Hawaii County Police Department to enhance public and police officer safety. The major difficulties include inadequate radio coverage, system unreliability, and lengthy restoration time. The system experiences channel congestion and lack of voice security. In addition, it requires multiple channels to cover a single district, and portable radios have marginal coverage, especially when used in buildings.

Your Committee agrees there is a need to upgrade the County of Hawaii Police Department's telecommunications system to keep pace with the overall growth of the resident population and visitors to the island, and the ever increasing number of calls for police service via the E-911 emergency telephone system. The 800-MHZ trunking telecommunications system would provide an adequate number of radio channels assigned specifically for public safety, and also would allow communications with the other counties through Mutual Aid Channels in order to effectively coordinate the response by county, state, and federal agencies to statewide disasters or other emergency situations.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1373 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Chumbley).

SCRep. 284 Transportation and Intergovernmental Affairs on S.B. No. 1384

The purpose of this bill is to allow riders who have a motorcycle or motor scooter learner's permit to obtain insurance without having successfully completed a motorcycle education course.

Your Committee received testimony in support of this measure from several private citizens. The Department of Transportation submitted testimony in opposition to this bill. The Department of Commerce and Consumer Affairs submitted testimony, but did not take a position on this measure.

Your Committee finds that current law does not allow legal holders of a valid motorcycle or motor scooter learner's permit to obtain insurance coverage if they are not enrolled in a motorcycle education course approved by the Department of Transportation. Riders are therefore forced to enroll in a motorcycle education course or into learning how to ride a motorcycle or motor scooter without any insurance coverage.

This measure will reduce the number of uninsured motorcycle and motor scooter riders by eliminating the burdensome motorcycle education course precondition.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1384 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 285 Transportation and Intergovernmental Affairs on S.B. No. 1385

The purpose of this bill is to amend the manner in which the repair and maintenance of the State war memorials and veterans' cemeteries are conducted.

Your Committee received testimony in support of the bill from the Office of Veterans Services.

Your Committee finds that the bill:

- (1) Requires the Office of Veterans Services to inspect all state war memorials and veterans' cemeteries for repair and maintenance deficiencies every three years, rather than annually; and
- (2) Requires the Office of Veterans Services to report all repair and maintenance problems at these memorials and cemeteries to the Adjutant General of the Department of Defense, the Comptroller of the Department of Accounting and General Services, and the Legislature prior to the start of the regular session following the inspections, rather than each regular session.

Your Committee believes that the bill provides a more efficient process of providing repair and maintenance services to war memorials and veterans' cemeteries.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1385 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 286 Transportation and Intergovernmental Affairs on S.B. No. 1392

The purpose of this bill is to give immunity from liability to private land owners, the State, and the counties when vehicular and pedestrian traffic must be rerouted onto private property as a result of traffic obstructions from natural disasters, hazardous material spills, and traffic accidents.

Your Committee received favorable testimony from the Kauai County Council and the Kauai Police Department. They noted that there have been several occasions when traffic accidents, hazardous material spills, and natural disasters rendered roads impassable and traffic had to be rerouted over private property. In these situations there is concern, especially by the private property owner, for liability exposure should someone be hurt or their property damaged.

Your Committee has amended this bill to make technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1392, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1392, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 287 Transportation and Intergovernmental Affairs on S.B. No. 1677

The purpose of this bill is to exempt from the general excise tax, sales and gross proceeds of sales to the counties.

Your Committee received testimony in support of this bill from the Office of the Mayor of the County of Maui and a private citizen of Maui. Comments were submitted by the Department of Finance of the County of Hawaii on this measure. Testimony in opposition of this bill was received from the Department of Taxation.

Your Committee is concerned that the counties are faced with declining real property tax bases at a time when the economy is struggling. The exemption would relieve the burden on the counties by providing each county with millions of dollars in much needed revenue. The additional funds would allow counties to improve the quality of life for neighbor island residents.

Your Committee has amended this measure by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1677, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1677, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Chumbley, Fernandes Salling).

SCRep. 288 Transportation and Intergovernmental Affairs on S.B. No. 1766

The purpose of this bill is to limit the liability of the State and counties and owners from the use of private real property during emergency situations.

No testimony was received on this bill.

Your Committee finds that in the interest of protecting health, life, property, and preserving the order and security of the public, there is, at times, a need to direct vehicles and pedestrians onto, and through private real property during an emergency situation or traffic accident on a public road.

Your Committee finds that it is important to ensure public safety by rerouting vehicles and pedestrians onto private property in the event of traffic obstructions resulting from natural disasters, hazardous material spills, and traffic accidents. If this necessity arises, the State, counties, and owners of real property should not be held liable for death or injury of persons who use the owner's property in these situations.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1766 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Chumbley).

SCRep. 289 Transportation and Intergovernmental Affairs on S.B. No. 1848

The purpose of this bill is to appropriate moneys to the County of Maui Police Department to upgrade its telecommunications system.

Your Committee received testimony in support of this bill from the Department of Public Safety and the State of Hawaii Organization of Police Officers.

Your Committee finds that the County of Maui Police Department's telecommunications system is antiquated, resulting in frequent mechanical failures, and a lack of adequate coverage for the entire island. This system is not effective and can be a hindrance to public safety. The Maui Police Department shares its telecommunications system with the Maui Fire Department and the Maui Civil Defense siren system. The Maui Police Department has been advised by a mainland telecommunications consultant to replace its current VHF telecommunications system with an 800 MHZ trunked radio emergency system. The Honolulu Police Department and the Kauai Police Department are presently in the process of installing the 800 MHZ system.

Your Committee supports enhancing the level of service provided by upgrading the telecommunications system to ensure safety to the public and police officers, especially during times of disasters and emergencies.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1848 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Chumbley).

SCRep. 290 Transportation and Intergovernmental Affairs on S.B. No. 1922

The purpose of this bill is to require all minors in a motor vehicle to wear seat belts at all times in all places in a motor vehicle, and to increase the fine for violation of the child passenger restraint law to \$1,000.

Your Committee received testimony in support of this measure from the Department of Transportation, the Department of Health, the Hawaii Insurers Council, and the Keiki Injury Prevention Coalition.

Your Committee finds that the effectiveness of safety belts in reducing the number and severity of motor vehicle injuries and fatalities is well established. While current law covers front seat occupants, it does not apply to the back seat occupants of motor vehicles, many of which are typically young children.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1922 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 291 Transportation and Intergovernmental Affairs on S.B. No. 130

The purpose of this bill is to regulate the registration of special interest vehicles and exempt special interest vehicles from requirements for reconstructed vehicles.

Your Committee received testimony in support of this bill from the Department of Transportation and Hypersports Incorporated. More than a dozen private citizens submitted oral and written testimony in support of this measure. In addition, one-hundred-one members of the Committee for the Adoption of Registration and Equipment Standards for Special Interest Vehicles (C.A.R.E.S.)

submitted testimony in support of this bill. Testimony in opposition of this measure was received by the Department of Finance of the City and County of Honolulu and Hawaii Automotive Retail Gasoline Dealers.

Your Committee finds that constructive leisure pursuits by Hawaii residents are important. There are many people in Hawaii who restore vintage vehicles as a hobby or business. Most of these vehicles are "show cars" with expensive and delicate paint jobs and accessories. These vehicles usually are driven in clear weather only and do not travel on freeways unless they have to, and drive in the slow right lane when they do. Restrictive regulations prohibit these special interest vehicles from operating legally in our State. Among the most restrictive of regulations are the requirements for reconstructed vehicles. After market parts used to reconstruct or modify vintage vehicles exceed original safety requirements and specifications. More than twenty states across the nation have enacted legislation making special interest vehicles possible by allowing special licensing and rules for use on the road.

Your Committee understands the value and pleasure special interest vehicles bring to people and wishes to assist them in their efforts to construct, license, and use these historically significant vehicles in positive ways for the community, and maintain safety on the road, and to the public.

Your Committee has amended this measure by exempting official inspection stations from liability arising from the destruction of property or injury to persons caused by special interest vehicles; provided the official inspection station exercises due diligence in inspecting special interest vehicles in accordance with applicable standards for motor vehicle and equipment safety.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 130, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 130, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 292 (Joint) Transportation and Intergovernmental Affairs and Judiciary on S.B. No. 291

The purpose of this bill is to appropriate moneys for community policing programs.

Your Committees received testimony in support from the Office of the Mayor of the City and County of Honolulu, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Police Department of the City and County of Honolulu, the Police Department of the County of Kauai, Sunset Beach Elementary, Neighborhood Board Thirteen, the Downtown/Chinatown Citizen Patrol, and three private citizens. The Committee Coalition for Neighborhood Safety submitted testimony in support of the intent of this measure. Testimony in opposition was received from a Libertarian liaison.

Your Committees find that efforts to combat crime require innovative and new approaches such as the county community policing programs. Bicycle patrols have significantly increased the visibility of police officers in various areas of Oahu, enabling officers to develop closer working relationships with the public and the community. Of further concern to your Committee is the rise of robberies and assaults in areas such as Oahu's North Shore, which illustrate the need to address the problem of violence against visitors to Hawaii. Police officers equipped with bicycles and all-terrain vehicles along Oahu's North Shore would help to promote a safe environment for visitors and the local community.

Your Committees have amended this measure by augmenting county community policing programs to include the outfitting of police officers patrolling the area between Waimea Bay and Sunset Beach with bicycles and all-terrain vehicles.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 291, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 291, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 7. Noes, none. Excused, 5 (Fernandes Salling, Kanno, McCartney, Anderson, Slom).

SCRep. 293 (Majority) Transportation and Intergovernmental Affairs on S.B. No. 631

The purpose of this bill is to reduce the hours that fireworks may be legally used and to enable the counties to enact ordinances that regulate fireworks more stringently than state law.

Your Committee received testimony in support of the bill from the American Lung Association, Urban Honolulu Community Crime Prevention Network, Neighbors of the Ala Wai, the Waikiki Tenants Association, the Waikiki Residents Association, and numerous private citizens. The Honolulu Police Department (in favor of a complete ban) and a representative of retailers and suppliers of legal fireworks opposed the measure.

Your Committee finds that the bill:

- (1) Reduces the hours that a person may set off fireworks on July 4th from 9:00 p.m. - 1:00 a.m. of the following day to 8:00 p.m. - 10:00 p.m.;
- (2) Prohibits the igniting of fireworks within 1000 feet of any building with more than ninety-nine units that is zoned and used for high density, multi-unit housing; and
- (3) Allows the counties to impose more stringent regulation of fireworks than mandated by the State.

Your Committee believes that the counties should be provided with the authority to enact more restrictive fireworks regulations if they so choose.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 631 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Slom). Excused, 2 (Aki, Kanno).

SCRep. 294 Transportation and Intergovernmental Affairs on S.B. No. 746

The purpose of this bill is to appropriate moneys for grants-in-aid to the Police Department of the City and County of Honolulu for the "No Hope In Dope" program.

Your Committee received testimony in support of this bill from the Federal Bureau of Investigation of the U.S. Department of Justice, the Drug Enforcement Administration, the Department of Education, the Office of the Mayor of the City and County of Honolulu, and the Department of the Prosecuting Attorney of the City and County of Honolulu. Testimony in support was also received from Kapunahala Elementary School, Hawaii Baptist Academy and more than a dozen private citizens.

Your Committee finds that "No Hope In Dope" is an exceptional crime prevention program that has an eight-year history of helping students, parents, and communities deal with the problems of drug use, and protecting young children from the dangers of molestation and enticement into criminal activities. More than five-hundred thousand people have participated in this program. In 1992, "No Hope In Dope" became the first anti-drug program in the history of drug prevention to document a situation in which students, who had participated in the program training, felt so empowered that they were able to turn in a drug dealer who also happened to be their mother. The program has received national awards by the Federal Bureau of Investigation, Parade Magazine, the International Association of Chiefs of Police, the George Washington Freedom Foundation, and the President's Police Hero Award. "No Hope In Dope" continues to be in high demand by schools and communities statewide.

Your Committee has amended this bill by adjusting the level of appropriation for grants-in-aid relating to the "No Hope In Dope" program to \$1.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 746, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 746, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 295 (Joint) Transportation and Intergovernmental Affairs and Judiciary on S.B. No. 1039

The purpose of this bill is to appropriate \$300,000 for fiscal year 1997-1998 to provide funding to the Honolulu Police Department to continue to act as the state control terminal agency.

Your Committees received favorable testimony from: the Department of Public Safety, the Departments of Prosecuting Attorney for the City and County of Honolulu and for the County of Maui, the police departments of the City and County of Honolulu, of the County of Maui, and of the County of Hawaii, and Hawaii Missing Childrens' Clearinghouse Trust Fund.

Your Committees find from the testimony that there is an increasing need for local law enforcement agencies to have access to the National Crime Information Center and the National Law Enforcement Telecommunications System. In each state participating in these systems, one state agency is designated the coordinating agency or control terminal agency for the state. Of all the states, Hawaii is the only one where a nonstate level agency is responsible for handling an essentially state function. The Honolulu Police Department has acted as the control terminal agency for the past fifteen years and has borne the associated costs. Increased usage, as well as the need to upgrade the system so as to be able to continue to access the National Crime Information Center which is being redesigned to use the latest technology requires state funding.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1039 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 4 (Fernandes Salling, Kanno, Anderson, Slom).

SCRep. 296 Transportation and Intergovernmental Affairs on S.B. No. 1202

The purpose of this bill is to authorize the issuance of an unspecified sum in general obligation bonds, and to appropriate that sum in fiscal years 1997-1998 and 1998-1999 to the county of Hawaii to repair, upgrade, and reconstruct Saddle Road, Hawaii. The bill also provides that the appropriation will lapse on June 30, 2000.

Your Committee received testimony supporting this measure from the Department of Transportation with funding reservations.

Your Committee finds that Saddle Road is the major connector between Hilo and Kona. The Federal Highway Administration is currently assisting the State by conducting studies on the improvement of Saddle Road. The proposed improvements consist of realigning sections of the existing road and eventually connecting it to the county's proposed extension of Puainako Street to Kaumana Drive.

Your Committee further finds that even without and until these improvements are implemented, repair, upgrading, and reconstruction of Saddle Road is necessary. There are sections that have inadequate sight distances, substandard horizontal and vertical alignments, substandard pavement and shoulder widths, and narrow lateral clearances.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1202 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Kanno).

SCRep. 297 Transportation and Intergovernmental Affairs on S.B. No. 1407

The purpose of this bill is to authorize the issuance of general obligation bonds to finance capital improvement projects for hazard mitigation measures for Kauai.

No testimony was submitted on the bill.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1407 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 298 (Majority) Transportation and Intergovernmental Affairs on S.B. No. 1409

The purpose of this bill is to allow counties to adopt, through ordinance, a preference to bidders on county public works contracts similar to the State's preference to bidders on state agency contracts.

Your Committee received testimony in support of this bill from the County Council of Maui, Hawaii Association of Counties, and the Hawaii Operating Engineers Industry Stabilizing Fund. Your Committee received one testimony in opposition to this bill from the Department of Accounting and General Services.

Your Committee finds that with the passage of Act 288, Session Laws of Hawaii 1996, the State took a proactive role in assisting in the recovery of our local businesses. The counties upon recognition of this, wish to contribute toward that same goal. Your Committee finds that uniformity between state and county bidding practices is fair and keeps in line with the spirit of Act 288.

Your Committee has amended this bill to apply the state preference to county projects at fifteen percent and specifying dollar amounts of \$1 million and \$2 million.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1409, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1409, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Slom). Excused, 2 (Aki, Chumbley).

SCRep. 299 Transportation and Intergovernmental Affairs on S.B. No. 1618

The purpose of this bill is to establish a transportation improvement special fund to assist developers required to implement transportation improvements as a condition of development.

Your Committee received testimony in support of this bill from the Department of Transportation and the Planning Department of the City and County of Honolulu. Comments were received by the Estate of James Campbell.

Your Committee finds that in order to provide for timely implementation of high priority transportation projects, a special fund for the use of federal fund reimbursements, as required by the Federal Highway Administration, would assure that federal funds will be reserved for transportation purposes.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1618 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 300 Transportation and Intergovernmental Affairs on S.B. No. 1673

The purpose of this bill is to require concurrence from the corporation counsel or county attorney, instead of the Attorney General, for emergency meetings of county boards.

Your Committee received testimony in support of this bill from the Department of the Attorney General. The Board of Water Supply of the City and County of Honolulu submitted testimony in support of the intent of this bill. Testimony in opposition of this bill was received from Common Cause Hawaii.

Your Committee finds that last year, the Legislature amended the emergency meeting provisions of the sunshine law to allow boards to convene meetings with less than six days notice when an unanticipated event necessitated a meeting. To guard against abuses, the Legislature required state and county boards to secure concurrence of the state Attorney General to determine the necessity for an emergency meeting. However, since county attorneys are more familiar with the authority and responsibilities of their county's boards, county attorneys would be more able to provide a timely and considered response to requests for emergency meetings from their boards.

Your Committee recognizes the merits of home rule without compromising the public's interest in open government, and has passed this bill unamended.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1673 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 301 Transportation and Intergovernmental Affairs on S.B. No. 1784

The purpose of this bill is to appropriate an unspecified sum to the Department of Transportation for the installation of traffic lights at the intersection of Laumania Street and Farrington Highway to improve traffic safety.

Your Committee received testimony supporting this measure from the Department of Transportation with funding reservations.

Your Committee finds that presently, the intersection of Laumania Street and Farrington Highway does not have traffic lights. Farrington Highway is a heavily used road. Pedestrians and vehicles would benefit from traffic lights at this intersection.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1784 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 302 Transportation and Intergovernmental Affairs on S.B. No. 1845

The purpose of this bill is to allow enforcement officers in Hawaii to arrest and detain persons stopped for traffic related offenses in certain circumstances.

Your Committee received oral testimony in support of this bill from the Police Department of the City and County of Honolulu.

Your Committee finds that Hawaii's law enforcement officers would be more effective in carrying out their sworn duties and responsibilities of upholding the public's safety, if provided broader powers of enforcement. In traffic related arrests or detainment of persons, officers having a probable cause to believe that the person has committed any additional offenses, should be able to issue citations or take further actions. Such enforcement provisions would enhance the officers' ability to establish the identification of persons or property, prevent offenses, capture culprits, and effectively maintain public safety.

Your Committee amended this bill by making technical, nonsubstantive changes for the purposes of style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1845, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1845, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 303 (Joint) Transportation and Intergovernmental Affairs and Commerce, Consumer Protection, and Information Technology on S.B. No. 1859

The purpose of this bill is to authorize the counties to establish fees for the reproduction of electronic data.

Your Committees received testimony in support of this bill from the Department of Finance of the City and County of Honolulu and the Hawaii Government Employees Association. Testimony in opposition to this bill was submitted by the Office of Information Practices of the State Department of the Attorney General and the Society of Professional Journalists, Hawaii Chapter. Common Cause Hawaii submitted testimony expressing concerns that the user fees would pay for developing, operating, and maintaining the electronic data and electronic data system -- costs for which commercial users should not have to pay.

Your Committees find that the computer industry has experienced tremendous growth, and it has led the way to the development of many new computer systems that have benefited the public. Government information systems have data that are useful to not only government, but commercial developers and planners, utility companies, and many others. The data from these very expensive systems can be purchased by commercial firms for the cost of the labor, and the magnetic media is used to transmit the information. These firms then repackage the data to a proprietary format, copyright the data, and then market the information to clients for profit. Oftentimes, government agencies have to pay to acquire the information from these commercial firms. In these instances, the counties and their taxpayers have become a free source of research and development to a very select group of companies. By having the ability to recover the cost of developing computer systems, the counties will be able to charge fair market values in order to recover its investment costs.

Your Committees have amended this bill by including provisions for counties to waive all fees for any information disclosed to a public employee organization. Technical, nonsubstantive changes were made for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1859, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1859, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 6. Noes, none. Excused, 5 (Aki, Chumbley, Chun Oakland, Fernandes Salling, Solomon).

SCRep. 304 (Majority) Transportation and Intergovernmental Affairs on S.B. No. 1934

The purpose of this bill is to appropriate moneys to the Department of Transportation for a study of the management of airport revenues.

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

Your Committee finds that there is a necessity for the Department of Transportation to conduct a management study of airport revenues, and has accordingly, passed this bill unamended.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1934, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, 1 (Slom). Excused, 2 (Chumbley, Fernandes Salling).

SCRep. 305 Education on S.B. No. 58

The purposes of this bill are to require the Department of Education to:

- (1) Establish and maintain kindergartens, without school zone size limitations, as part of the public school system;
- (2) Establish procedures and criteria to determine readiness of children for kindergarten; and
- (3) Grant exceptions to children who are found to be ready to attend.

Your Committee received testimony supporting this measure from the Hawaii State Teachers Association. The Department of Education supported the concept but recommended that the bill be held in committee.

Your Committee finds that presently students enroll in private school kindergartens at a slightly higher rate than they do for first grade. Kindergartens now could accommodate about three hundred more children, and would require additional funding of about \$2 million.

Your Committee has amended this bill by clarifying that kindergarten attendance is not mandatory.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 58, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 58, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 306 Education on S.B. No. 60

The purpose of this bill is to require the Department of Education to convert fifteen full-time and fifteen part-time temporary bilingual/bicultural school-home assistant positions to permanent status provided that the number of bilingual/bicultural school-home assistant positions does not exceed 22.50 full-time equivalents.

Your Committee received testimony supporting this measure from the Department of Education, the HGEA/AFSCME, and a bilingual school-home assistant.

Your Committee finds that every year there is a great influx of immigrant and refugee students into our school system. Title VI of the Civil Rights Act of 1964, and the Equal Educational Opportunity Act, as interpreted by the Office of Civil Rights require equal rights to educational information. Bilingual/bicultural school-home assistants are needed to ensure that national origin parents receive adequate notification of school announcements.

Your Committee further believes that the Department of Education will not incur any additional cost by converting the temporary positions into permanent positions. Additionally, having permanent positions would assist the recruitment process by attracting qualified applicants who would not have the reservations associated with temporary work.

Your Committee has amended this bill by adding a grandfather clause that would allow the bilingual/bicultural school-home assistants presently hired to be converted to permanent status.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 60, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 60, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 307 Education on S.B. No. 65

The purpose of this bill is to appropriate funds for registrar positions at intermediate schools around the State.

Your Committee received testimony in support of the bill from the Department of Education, numerous registrars, and faculty members from public schools around the State.

Your Committee finds that currently there are fifty-seven registrar positions allocated to secondary schools on the basis of one full-time position per high school and a half a position (0.5 FTE) for each intermediate school. Your Committee also finds that in certain cases, intermediate schools with over one thousand students get the same position allocation (0.5 FTE) as intermediate schools with less than five hundred students.

Your Committee believes that providing for seventy-five additional full-time equivalent permanent registrar positions at intermediate schools will alleviate the current inequity.

Your Committee has amended the bill by inserting \$1 as the amount appropriated for the registrar positions.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 65, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 65, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 308 Education on S.B. No. 66

The purpose of this bill is to appropriate an unspecified sum for fiscal years 1997-1998 and 1998-1999, to fund an additional 19.50 FTE permanent counselor positions within the Department of Education. This bill also establishes criteria for allocating these positions.

Your Committee received testimony supporting this measure from Kawananakoa Intermediate School and Kalihi-waena Elementary School. The Department of Education provided testimony supporting the intent of this measure with funding reservations.

Your Committee finds that the national recommended ratio of counselors to students is one counselor to every three hundred students. Currently, the Department of Education has one counselor for every four-hundred-eight students. Counselors provide individual and group counseling for regular, special education, alienated, and special needs students. Counselors also provide leadership training, career guidance, peer mediation, and social-academic counseling. Schools without vice principals often call upon the counselor to assume the role of teacher-in-charge, another task that takes them away from their regular duties.

Your Committee further finds that with the current ratio it is impossible for counselors to provide effective services for the educational, career, and emotional development of all students, parents, and staff members.

Your Committee has amended this bill by adding a purpose section that specifies the national ratio standard for counselors to teachers, and by inserting \$1 as the sum to be appropriated until the actual cost can be determined.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 66, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 66, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 309 Education on S.B. No. 72

The purpose of this bill is to replace the Department of Accounting and General Services with the Department of Education as the State Educational Facilities Improvement Special Fund expending agency.

Your Committee received testimony supporting the intent of this measure from the Department of Education. Testimony opposing this measure was received from the Department of Accounting and General Services.

Your Committee finds that one of the recommendations of the 1994 MGT of America Report was to provide the Department of Education with governance authority for its own capital improvements program, along with the attached responsibility of results accountability.

Your Committee also finds that presently, the Department of Education cannot easily determine how the fund's money is being spent. Further, the Department is not able to exercise authority over the construction process including approval of change orders, awarding consultant contracts, and withhold payments if the work completed is not to satisfaction.

However, your Committee believes that the Department of Education does not have adequate personnel to carry out all the responsibilities of being the fund's expending agency.

Your Committee has amended this bill by limiting the Department of Education's authority to expend fund moneys only for contracting design services, and by requiring the Department of Accounting and General Services, with advice from the Department of Education, to submit an annual report to the legislature. Your Committee has also amended this bill by making a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 72, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 72, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 310 Education on S.B. No. 269

The purpose of this bill is to provide educational rights for Hawaii's deaf, hard-of-hearing, or deaf-blind children.

Specifically, this bill provides the right to:

- (1) Appropriate screening and assessment of hearing and vision capabilities and communication and language needs;
- (2) Early intervention to facilitate the acquisition of a solid language base;
- (3) Full informed participation by parents or guardians in educational planning;
- (4) Individual consideration for free and appropriate public education;
- (5) Placement that is best suited to the child's individual needs;
- (6) Qualified teachers, interpreters, support services staff, and resource personnel who can communicate effectively with the child;
- (7) Equal access to all academic programs;
- (8) Equal access to all non-academic extracurricular and athletic programs;
- (9) Associate with peers;
- (10) Consistent exposure to adult role models; and
- (11) American Sign Language as one of the academic subjects in their educational curriculum.

Your Committee received testimony supporting this measure from a certified Special Education teacher, the Commission on Persons with Disabilities, the Hawaii State Coordinating Council on Deafness, and the American Sign Language/Interpreter Education Program. Testimony supporting the intent of this measure was received from the Department of Education.

Your Committee finds that it is essential for the well-being and growth of deaf, hard-of-hearing, and deaf-blind children that these children have an education in which their unique communication mode is respected, utilized, and optimally developed. To meet their educational needs it is crucial that the children's school environment is communication accessible.

However, your Committee further finds that several parts of this bill are already covered by existing state and federal laws.

Accordingly, your Committee has amended this bill by:

- (1) Deleting paragraphs 1, 2, 3, 4, 5, 7, and 8;
- (2) Renumbering the remaining paragraphs;
- (3) Adding language that qualifies certain children for American Sign Language courses; and
- (4) Including the child's educational planning team and parents in the diagnosis procedure.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 269, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 269, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 311 Education on S.B. No. 396

The purpose of this bill is to appropriate funds to the Department of Education for the development and implementation of a teacher evaluation program.

Your Committee received testimony in support of the bill from the Department of Education and the Hawaii Congress of Parents, Teachers, and Students.

Your Committee finds that the teacher evaluation program would assess teacher effectiveness in promoting student success and school improvement to endure that only effective teachers continue to work in the classroom. The program would be based on nationally recognized personnel evaluation standards and would reflect the latest in research on effective teacher performance indicators and measures.

Your Committee has amended the bill by inserting the amount of \$1 as the amount appropriated for the project.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 396, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 396, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 312 Education on S.B. No. 440

The purpose of this bill is to appropriate funds to continue the coordinated planning and programming of the Department of Education's continuing education programs.

Your Committee received testimony in support of the bill from the Department of Education and the Democratic Party of Hawaii.

Your Committee finds that an educated, informed, and participating citizenry is critical to the governmental decisionmaking process. With continuous rapid technological advances it is imperative that learning be a continuous life-long process. Education at all levels must make significant progress if we, as a State, are to compete effectively in a worldwide setting. Education can also improve our quality of life with programs that include but are not limited to literacy, civics, health and consumer education, arts and humanities, career and life skills, parenting skills, library and research skills, recreational courses, and other adult and continuing education courses.

Your Committee has amended the bill by inserting the amount of \$1 as the appropriated amount.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 440, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 440, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 313 Education on S.B. No. 492

The purpose of this bill is to require the Department of Education to provide suitable transportation to school sanctioned, organized extra-curricular activities for students in rural areas that are without public transportation.

Your Committee finds that the ability to attend school sanctioned, extra-curricular activities is a basic right to which students should be entitled.

Your Committee has amended the bill by transferring the amendments made by the bill to the appropriate section of law within the 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 S.B. No. 492, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 492, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 314 Education on S.B. No. 859

The purpose of this bill is to appropriate \$105,000 to the Department of Education to provide a permanent full-time registrar for adult community schools on Kauai, Kona, and Maui.

Your Committee received testimony supporting this measure from the Department of Education with funding reservations, and the Hawaii Adult and Community Education Advisory Council.

Your Committee finds that an adult community school registrar's official job description includes student registration, student placement, maintaining student records and transcripts, collecting data, preparing reports, processing high school diplomas and certificates, and preparing teacher worksheets. However, since a registrar is one of the few administrators whose time is not spent in a classroom, other administrators assign them a variety of non-teaching collateral duties such as bookstore supervisor, audio-visual coordinator, and test administrator.

Your Committee further finds that, increasingly, community schools for adults must respond to educational needs for which traditional semester schedules are not appropriate such as programs for the homeless, correctional inmates, plantation workers losing their jobs, elementary school parents desiring parenting education classes, and adults needing basic academic skill training. The community schools must design quick-start programs requiring flexible schedules.

Your Committee notes that according to guidelines set by the Department of Education, all eleven community schools for adults qualify for the employment of permanent full-time registrar positions.

Your Committee has amended this bill to provide registrars for all community schools for adults statewide. Your Committee has also amended this bill by making a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 859, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 859, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 315 Education on S.B. No. 860

The purpose of this bill is to authorize the Department of Education to retain up to five per cent of any appropriation of the school community service program EDN 500 at the close of the fiscal year.

Your Committee received testimony supporting this measure from the Department of Education. The Department of Budget and Finance opposed this measure.

Your Committee finds that the current law allows the Department of Education to carryover funds from the EDN 100 program at the end of the fiscal year according the School Based Budgeting Program budget flexibility.

Your Committee believes the Department of Education should have the same budget flexibility applied to the adult education programs of EDN 500.

Your Committee has amended this bill by specifying that up to five per cent of the appropriations to EDN 500, only as related to adult education, may be carried over to the next fiscal year. Your Committee has also amended this bill by making a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 860, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 860, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 316 Education on S.B. No. 864

The purpose of this bill is appropriate an unspecified sum to the Department of Education in fiscal year 1997-1998, to subsidize current levels of funding for supplies, equipment, and maintenance in all public schools.

Your Committee received testimony supporting this measure from the Hawaii State Teachers Association, two students from Farrington High School, and one student from Aiea High School, Baldwin High School, and Roosevelt High School. Testimony supporting this measure was received from the Department of Education with funding reservations.

Your Committee finds that schools are experiencing a shortage of textbooks, restroom supplies, and equipment. In addition, teachers are using their personal funds in an attempt to make up the shortfall.

Your Committee also finds that inflation and the rising cost of supplies has not been taken into consideration for funding purposes in four years. Your Committee is awaiting Department of Education standards for supplies, equipment, and maintenance in schools.

Your Committee has amended this bill by inserting the sum of \$1 for appropriation purposes until the actual dollar amount can be determined from the Department's information.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 864, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 864, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 317 Education on S.B. No. 865

The purpose of this bill is to appropriate an unspecified sum to the Department of Education to establish School-Based Health Centers with teen prevention programs in all public secondary schools.

Your Committee received testimony supporting the intent of this measure from the Department of Education and the Department of Health. Your Committee also received testimony supporting this measure from Kapaa High School, Hawaii Congress of Parents, Teachers, and Students, the Department of Health, Kauai District, and three high school students representing the State Student Governance Summit.

Your Committee finds that School-Based Health Service Centers (SBHSC) take a comprehensive, coordinated, holistic, and noncategorical approach to providing services by uniting programs and resources on and off campus. All program students are

provided with a risk assessment then provided with counseling, health education, and care coordination based on identified risks and needs. SBHSCs coordinate with other programs to provide accessible, appropriate care for a population which is often underserved and at-risk for problems related to stress, drugs, violence, and sex.

Your Committee further finds that the Department of Health, in collaboration with the Department of Education, conducted a pilot program at Kapaa and Kahuku High Schools from 1991-1995. It was estimated that the pilot program prevented one pregnancy at one of the schools, and two pregnancies at the other pilot program school.

Your Committee further finds that in 1995, the Board of Education passed a policy allowing school/community-based management schools to establish SBHSCs in cooperation with the Department of Health. However, Board policy does not allow SBHSCs to be funded through the Department of Education budget requests.

Your Committee has amended this bill by inserting \$1 as the appropriation amount until the correct cost can be assessed. Your Committee has also amended this bill by establishing SBHSCs at public secondary schools on a need basis, and substituting the Department of Health as the expending agency.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 865, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 865, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 318 Education on S.B. No. 866

The purpose of this bill is to appropriate unspecified sums to the Department of Education to support a variety of student activities at the school, district, and state level.

Specifically this bill provides subsidies for:

- (1) Elementary school student activities;
- (2) Secondary school student activities;
- (3) Seven full-time district student activities resource teachers;
- (4) District student activities that include district student council meetings, district mini-conferences, and legislative experience activities;
- (5) Increased student participation (intermediate school students) in the annual state student conference; and
- (6) Two full-time assistant state student activities specialists.

Your Committee received testimony supporting this measure from three high school students. The Department of Education testified in support of funding for student activities at the school and district level with funding reservations, but was opposed to funding for assistant specialists at the state level.

Your Committee finds that currently the student activities program is funded primarily by secondary level student fees with the exception of conferences and seminars. Fees are not collected at the elementary school level.

Your Committee further finds that student activities include social activities like homecoming and school spirit events as well as educational activities like the State Student Conference, Legislative Experience, and school and community service.

Your Committee believes that each of these activities teach students leadership and human relations skills, maturity, and responsibility, valuable skills applicable to life beyond high school.

Your Committee has amended this bill by inserting temporary dollar figures until the true cost of this program can be assessed. Your Committee has also amended the bill by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 866, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 866, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 319 Education on S.B. No. 945

The purpose of this bill is to authorize the governor to contract with a private, nonprofit corporation to coordinate policy, disburse public funds, and implement community plans related to the provision of early childhood education and care services.

Your Committee received testimony supporting the intent of this measure from the Office of the Governor, the Department of Education, and the Good Beginnings Alliance. The Department of Health presented testimony deferring to the Office of the Governor. The Department of Human Services did not support this measure.

Your Committee finds that the intention of Executive Order 96-03 is the development of an optimal system of early childhood education and care for Hawaii's children and family. This is critical in a state where both parents need to work.

Your Committee also finds that great strides have been made in building an effective collaborative partnership among communities, private organizations, philanthropic, and public agencies. All four counties have developed Good Beginnings community councils to address the specific strategies outlined in the master plan at the local level.

Your Committee further finds that the Good Beginnings Alliance, a statewide private, nonprofit corporation is now organized to provide local councils with assistance aimed at achieving their goals and guiding their development of quality, coordinated systems of education and care by generating resources and making policy recommendations to both private and public partners.

Your Committee has amended this bill by replacing its contents with the contents of S.B. No. 1631, and by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 945, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 945, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 320 Education on S.B. No. 1130

The purpose of this bill is to appropriate \$180,000 in fiscal year 1997-1998 and fiscal year 1998-1999 to the Department of Education to fund the Families for R.E.A.L. program.

Your Committee received testimony supporting this measure from two members of the Hawaii Community Education Association, American Association of Retired Persons, Kapalama Elementary School, four parents from Pearl Harbor Elementary School, two staff members from Leilehua High School, and eighteen parent facilitators for the schools on Kauai. The Department of Education provided testimony supporting this measure with funding reservations.

Your Committee finds that parents are their children's first and most important teachers. The years between birth and five years are the most significant in a child's development. It is important to instruct parents in their role of parenting and teaching in the home. In the Families for R.E.A.L. program, parents attend classes with their children once a week for nine weeks. They share and learn critical parenting and teaching skills, network with one another, learn about community resources, and become aware of what makes children succeed.

Your Committee further finds that the family as a partner in education is critical to student achievement. Parent-Community Networking Centers (PCNC) provide invaluable services by establishing relationships between parents, teachers, school staff, and the community.

Your Committee has amended this bill by:

- (1) Adding a discussion of the role PCNCs provide to schools in the purpose section;
- (2) Setting out the two schools recommended for expansion of the Families for R.E.A.L. program for clarity;
- (3) Adding appropriations of \$2,154,500 in fiscal year 1997-1998 and in fiscal year 1998-1999 to provide funding to expand PCNCs to the remaining ninety schools, to fully fund existing PCNC schools, and to employ additional staff; and
- (4) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1130, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1130, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 321 Education on S.B. No. 1133

The purpose of this bill is to appropriate unspecified funds to the Department of Education to add forty-eight school security attendants for DOE school campuses, and to provide training for school security attendants throughout the State.

Your Committee received testimony supporting this measure from the Hawaii State Student Council, the Hawaii Congress of Parents, Teachers, and Students, the Hawaii State Teachers Association, and eleven high school students. Testimony supporting the intent of this measure was received from the Department of Education.

Your Committee finds that the Department of Education's ratio standard for school allotment of security personnel is one security personnel per five hundred students. Because of the shortage of security personnel several high schools have hired private security personnel to handle school violence.

Your Committee further finds that schools and students are being vandalized and burglarized, and schools are being set on fire. In 1994, one out of every four of Hawaii's students was a victim of school violence.

Your Committee believes that providing before and after school and school recess activities for students may alleviate some behavior problems by making productive use of students' free time.

Your Committee has amended this bill by:

- (1) Raising the number of additional security personnel to sixty-five;
- (2) Allowing the Department of Education to contract for private school security training;
- (3) Incorporating amendments suggested by the Hawaii State Student Council;
- (4) Specifying the sum of \$1,054,250 to provide the additional security personnel and to provide the security personnel with training; and
- (5) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1133, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1133, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 322 Education on S.B. No. 1343

The purpose of this bill is to authorize the issuance of general obligation bonds and to appropriate funds for capital improvements for various schools.

Your Committee received testimony supporting this measure from Maemae Elementary School, Nuuanu Elementary School, Kawanakoa Intermediate School, Central Intermediate School, Pauoa Elementary School, and Royal School.

Your Committee finds that the purchases, design, construction, and repairs in this bill are necessary for the safety, maintenance, security, and improvement of our schools and to improve the educational experience of our children.

Your Committee has amended this bill by:

- (1) Adding funding requirements for Pauoa Elementary School under Department of Education expenditure list; and
- (2) Adding funding requirements for Royal Elementary School under the Department of Accounting and General Services expenditure list.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1343, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1343, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Metcalf).

SCRep. 323 Education on S.B. No. 1346

The purpose of this bill is to appropriate \$1,087,000 for fiscal years 1997-1998 and 1998-1999 to the Department of Education to expand Parent-Community Networking Centers (PCNC) to the remaining ninety public schools, to employ two district level full-time facilitators for Kauai and Maui, and the employ one full-time state resource teacher.

Your Committee received testimony supporting this measure from the Office of Hawaiian Affairs; the Hawaii Congress of Parents, Teachers, and Students; two parents and a volunteer tutor from Liholiho Elementary School; the Coalition for a Drug-Free Hawaii; the Hawaii Adult and Community Education Advisory Council; Shafter Elementary School; the Honolulu PCNC District Facilitator, and teachers, staff, administrators, parents, students, community members from Mililani Uka Elementary School. Testimony supporting this measure was received from the Department of Education with funding reservations.

Your Committee finds that PCNCs perform the important task of connecting the school with parents, families, and the community. By creating this avenue of communication, PCNCs actively invite and welcome parent and community involvement in the school.

Your Committee notes that the Department of Education will provide a report detailing their plan of action to the Committee on Ways and Means.

Your Committee has amended this bill by:

- (1) Raising the sums appropriated from \$1,087,000 to \$1,091,000 to reflect the actual cost of one full-time state resource teacher as provided by the Hawaii Community Education Association;
- (2) Setting out the appropriations \$1,091,000 for each fiscal year 1997-1998 and 1998-1999 for clarity; and
- (3) Making other technical, nonsubstantive amendments.

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

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 324 Education on S.B. No. 1418

The purpose of this bill is to provide administrative and clerical support to the King Kamehameha Celebration Commission with funds collected from fees and public solicitation.

Your Committee received testimony in support of the bill from the Department of Accounting and General Services, the Oahu Council, and the Association of Hawaiian Civic Clubs.

Your Committee finds that the bill allows the King Kamehameha Celebration Commission an arts program specialist and a part-time clerk typist to assist the Commission in its mandated duties. These positions will not be subject to the civil service laws contained in chapters 76 and 77, Hawaii Revised Statutes.

Your Committee has amended the bill by allowing the positions to be funded with the Commission's trust funds and by clarifying the proposed language allowing for the hiring of personnel.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1418, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1418, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Metcalf, Slom).

SCRep. 325 Education on S.B. No. 1628

The purpose of this bill is to permit the Department of Education, with the prior approval of the Superintendent, to employ retired teachers who participated in the Early Retirement Incentive program. These teachers would staff shortage areas or hard-to-staff schools, and would continue to retain their normal retirement benefits without penalty. A sunset date repeals this measure at the close of the 2000 school year.

Your Committee received testimony supporting this measure from the Department of Education. Testimony opposing this measure was received from the Employees' Retirement System and the Hawaii Congress of Parents, Teachers, and Students.

Your Committee finds that the Department of Education is experiencing great difficulty in hiring sufficient numbers of qualified teachers for their identified shortage areas such as special education, math, and science.

Your Committee further finds that the 1995 Early Retirement Incentive Program lured many highly qualified teachers into premature retirement further depleting the supply of shortage area teachers.

Your Committee has amended this bill by replacing its language with new language designed to enhance the effectiveness of the bill and to address operational and implementation concerns. Specifically, the new language provides for:

- (1) Prior approval by the Superintendent;
- (2) Exemption from sections 88-21, 88-42.5, 88-43, 88-45, 88-46, and any other contrary pension and retirement system law;
- (3) Clarification that rehired teachers would not earn retirement service credit, contribute to the retirement system, or gain additional retirement system benefits;
- (4) Rehired teachers to be excluded from collective bargaining unit 5;
- (5) An annual salary rate of \$35,000 a year; and
- (6) A sunset date repealing this measure at the close of the 2002 school year.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1628, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1628, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 326 Education on S.B. No. 1725

The purpose of this bill is to appropriate \$45,000 for school bus safety programs in Kauai county.

Your Committee received testimony supporting this measure from the Kauai Police Department, the Hawaii Congress of Parents, Teachers, and Students, and Parents for School Bus Safety.

Your Committee finds that by strengthening and reinforcing the existing rules, regulations, and policies relating to traffic safety we can prevent injuries and deaths.

Your Committee believes education is the key to success. Education should begin at the elementary school level and should include the safe methods and appropriate behaviors for entering, riding, and exiting a bus. Schools must become knowledgeable in procedures and the laws that govern school bus safety, and adhere to strict enforcement of existing state and federal safety standards and regulations.

Your Committee has amended this bill to include traffic safety education for all schools statewide. Your Committee has also amended this bill by making a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1725, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1725, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 327 Education on S.B. No. 1743

The purpose of this bill is to provide legal representation to educational officers for court or administrative actions arising during the course of the officer's employment and within the scope of the officer's duties and responsibilities.

Your Committee received testimony strongly supporting this measure from the Department of Education and the Hawaii Government Employees Association.

Your Committee finds that educational officers are required to make decisions dealing with Hawaii statutes, federal laws, policies, regulations, procedures, contractual provisions, and other governance parameters to secure the goals and mission of the Department of Education and the best interests of the students.

Your Committee further finds that some instances require immediate decisions and whatever actions are deemed necessary based on professional knowledge, experience, and assessment of the situation at hand to ensure the safety and welfare of students. In order for the educational officer to perform effectively and continue to make decisions confidently legal representation must be provided to support their decisions.

Your Committee has amended this bill by assigning the Attorney General as legal counsel to educational officers, and by adding arrests to situations covered by legal representation.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1743, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1743, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 328 Education on S.B. No. 1779

The purpose of this bill is to appropriate funds to reinforce, equip, and otherwise modify Hanalei Elementary School and Kapaa Intermediate School to allow the schools to be used as hurricane shelters.

Your Committee received testimony in support of the measure from the Department of Defense, the Mayor of Kauai, the Kauai County Council, and the American Red Cross. The Department of Education testified in support of the intent of the measure, but opposed the use of the State Educational Facilities Special Fund as the means to financially support the project.

Your Committee finds that the area between Haena and Princeville on the island of Kauai currently has only one private facility capable of serving as an emergency hurricane shelter. This facility is a hotel that will accommodate persons on a space available basis.

In the Kapaa area of Kauai, the existing emergency hurricane shelter can only accommodate approximately nineteen percent of the area's resident population.

Your Committee believes that given recent historical events on the island of Kauai, the need for adequate hurricane shelters is both real and immediate.

Your Committee has amended the bill by inserting the amount of one dollar into each project cost category of the bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1779, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1779, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 329 Water, Land, and Hawaiian Affairs on S.B. No. 663

The purpose of this bill is to amend the laws relating to property insurance.

Specifically, the bill:

- (1) Repeals the Hawaii Property Insurance Association (HPIA);
- (2) Changes the Hurricane Relief Fund to the Natural Disaster Relief Fund;
- (3) Requires that the Natural Disaster Relief Fund provide coverage for damages to property incurred from earthquakes and volcanic eruptions; and
- (4) Requires the administrators of the Natural Disaster Relief Fund to identify hazard zones within the State.

Your Committee received testimony in opposition to the bill from the executive director of the HPIA and the Hawaii Insurers Council. The Chair of the HPIA and a representative of State Farm Insurance Company submitted comments on the measure.

Based on the concerns raised in testimony, your Committee has amended the bill by deleting its substance and inserting language that:

- (1) Authorizes the HPIA to issue homeowner's insurance policies to persons who own residences in lava zones; and
- (2) Authorizes the HPIA to issue additional coverages when approved by a majority of the HPIA's board of directors.

Your Committee believes that the amendments made to the bill are necessary to further legitimize the existing policies of the HPIA and to ensure that homeowners living in areas prone to damage caused by earthquakes and volcanic eruptions are provided with adequate protection from economic loss.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 663, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 663, S.D. 1, and be referred jointly to the Committees on Commerce, Consumer Protection, and Information Technology and Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 330 (Joint) Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs on S.B. No. 1192

The purpose of this bill is to appropriate funds to acquire land rights and to conduct preliminary engineering design and field surveying for the upcountry Maui watershed project in Kula, Maui.

Your Committees received testimony in support of the bill from the USDA's Natural Resources Conservation Service, the Maui County Council, the County of Maui's Board of Water Supply, the Hawaii Farm Bureau, Maui Pineapple Company, and a vegetable farmer from upcountry Maui. The Departments of Agriculture and Hawaiian Home Lands testified on the bill.

Your Committees find that the Kula area of the island of Maui is plagued with inadequate and inconsistent irrigation water, preventing full utilization of cropland and causing crop damage and losses during drought. The existing potable water system serving these areas uses treated water, making it economically infeasible for large agricultural users.

The bill would begin the development process for a transmission pipeline to provide peak delivery of three million gallons per peak day of untreated agricultural water to the upper Kula farming region; and providing irrigation water reliability of 90.8 per cent to four hundred seventy-three acres of cropland.

Your Committees believe that the project is for a public use and will promote the public interest and welfare by supporting the economy of the State.

Your Committees have amended the bill by deleting the specified dollar amount from the bill.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1192, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1192, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 6 (Chumbley, Fernandes Salling, Fukunaga, Taniguchi, Anderson, Slom).

SCRep. 331 (Joint) Water, Land, and Hawaiian Affairs and Government Operations and Housing on S.B. No. 1539

The purpose of this bill is to amend the Hawaiian Homes Commission Act of 1920, as amended, by enabling the Department to develop rental housing and to allow Hawaiian homestead lessees to sublet their rental units to other native Hawaiians.

Your Committees received testimony in support of the bill from the Department of Hawaiian Home Lands. The Native Hawaiian Legal Corporation offered support for the building of rental housing, but opposed the concept of allowing homestead lessees to sublet their rental housing units.

Your Committees find that the proposed initiatives enable the Department of Hawaiian Home Lands to address the growing housing needs of native Hawaiians which are not currently being met by existing Hawaiian Home Lands programs.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Government Operations and Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1539 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 3 (Fukunaga, Matsunaga, Taniguchi).

SCRep. 332 (Joint) Water, Land, and Hawaiian Affairs and Education on S.B. No. 1757

The purpose of this bill is to appropriate funds for the Department of Education (DOE) to expand its Hawaiian Language Immersion Program through a six-year pilot project with the Office of Hawaiian Affairs (OHA).

Your Committees received testimony in support of the bill from the Hawaiian Studies Program of the University of Hawaii at Hilo and concerned citizens.

Your Committees find that the bill establishes a six-year pilot project in Hawaiian language education to be jointly implemented by the DOE and OHA, which can contract with a private nonprofit Hawaiian medium educational organization to administer the schools.

Your Committees believe that the Hawaiian language is the instrument through which families can find sustenance and strength through their spirituality and love of their culture, people, land, and knowledge.

Your Committees also find that families from Niihau, a community which has maintained the status of Hawaiian as the language of the home, wish to preserve Hawaiian as a viable living language for their descendants. To their credit, other families throughout the State have chosen to join with Niihau families in using the Hawaiian language as the medium of education for their children as well as the medium of communication in the home.

As one of two official languages of the State of Hawaii, the full use of the Hawaiian language in all facets of daily and civic life, including education, is a customary and traditional right that must be preserved and strengthened if the Hawaiian people are to remain a distinct and thriving culture.

In comparison to other Native American groups, whose educational responsibilities are vested directly with native self-governing entities, native Hawaiians are alone in being denied the right to run contracted schools under their own native leadership. This unfair situation exists despite the stipulation in the Native American Languages Act that native children have the right to education through their native language by self-governance.

On November 9, 1996, all fifteen Hawaiian language schools in Hawaii, through their representatives to the official DOE organization, Aha Kaulea Kaiapuni Hawaii (Hawaiian Language Immersion Advisory Council), agreed unanimously to support the four schools specified in the bill as a pilot program for Hawaiians to manage their own education through contracted public education.

Your Committees have amended the bill by:

- (1) Amending the findings and purpose section of the bill to better reflect the Legislature's intent;
- (2) Redrafting section 3 of the bill to state that the appropriation contained in the bill shall be assigned to the Department of Education but expended by the Office of Hawaiian Affairs through a memorandum of understanding; and
- (3) Stating that programs funded by this bill shall be subject to the laws, rules, policies, and educational standards applicable to the Board of Education.

Your Committees believe that the amended bill represents an opportunity to replenish the number of native speakers through the education of younger generations and to perpetuate the Hawaiian language as an essential cultural element to the entire State of Hawaii.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1757, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1757, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 5 (Fernandes Salling, Fukunaga, Metcalf, Taniguchi, Anderson).

SCRep. 333 Water, Land, and Hawaiian Affairs on S.B. No. 1875

The purpose of this bill is to appropriate funds to resolve individual claims of breach of the Hawaiian Home Lands Trust.

Your Committee received testimony in support of the bill from the Office of Hawaiian Affairs, the Hawaiian Home Lands Trust Individual Claims Review Panel (Claims Panel), the Native Hawaiian Legal Corporation, and numerous native Hawaiians who qualify as beneficiaries of the Hawaiian Home Lands Trust. The Department of the Attorney General and the Department of Budget and Finance testified in opposition to the measure.

Your Committee finds that the purpose of Act 323, Session Laws of Hawaii 1991, later codified as chapter 674, Hawaii Revised Statutes (HRS), was to establish a process under which individual beneficiaries under the Hawaiian Home Lands Trust may resolve claims for actual damages arising out of or resulting from a breach of trust, which occurred between August 21, 1959, and June 30, 1988, and was caused by an act or omission of an employee of the State in the management and disposition of trust resources.

The Claims Panel was charged with the responsibility to:

- (1) Receive, review, and evaluate the merits of an individual beneficiary's claim;
- (2) Render findings and issue an advisory opinion regarding the merits of each claim filed with the Claims Panel, including an estimate of the probable award of actual damages or recommended corrective action that may be implemented to resolve each claim;
- (3) Prepare and transmit a report to the Governor and Legislature, at least twenty days prior to the convening of each regular legislative session, and a final report, at least twenty days prior to the convening of the 1997 regular legislative session, on the activities of the Claims Panel including a summary of each claim brought before the Claims Panel, the Claims Panel's findings and advisory opinion regarding the merits of each claim, and an estimate of the probable compensation or any recommended corrective action for legislative action; and
- (4) Disburse any compensation awarded by the Legislature in regular session or undertake other actions as provided by law which are acceptable to a claimant.

Chapter 674, HRS, also provided an individual beneficiary claimant the right to bring an action to recover actual damages for a breach of trust, in the circuit courts of the State of Hawaii, if the action taken by the Legislature in regular session on each claim brought before the panel is not acceptable to an individual beneficiary claimant.

In response to its mandated responsibilities, the Claims Panel conducted an extensive hearing process to formulate a method of quantifying actual damages over claims made by trust beneficiaries. This bill represents the amounts for the first settlements under chapter 674, HRS.

In reading through the testimony and conducting its hearing, your Committee is concerned over the apparent lack of agreement among parties over the formula used by the Claims Panel to determine the amounts to be awarded. Moreover, the Department of Budget and Finance's testimony expressed a salient point that indicates that settling claims on a piecemeal basis would not only set a precedent for future claims, but would be imprudent from a fiscal planning perspective as well.

Your Committee believes that active and meaningful participation from all affected parties is necessary in order to bring about a fair, equitable, and expedient solution for all Hawaiian home lands trust beneficiaries, not just a few at a time.

Your Committee has amended the bill by:

- (1) Adding a findings and purpose section;
- (2) Requiring the Attorney General, the Director of Finance, the Chairperson of the Hawaiian Home Lands Commission, and the Chairperson of the Hawaiian Home Lands Trust Individual Claims Review Panel to establish damage measurement criteria and negotiate an appropriate settlement formula for the Governor to approve twenty days prior to the convening of the 1998 regular session;
- (3) Requiring the Hawaiian Home Lands Trust Individual Claims Review Panel to utilize the agreed upon criteria and formula, and by June 1, 1998, submit a report to the Legislature on how the claims under its jurisdiction not settled by this bill may be settled through nonmonetary means;
- (4) Adding language that the bill is not to be construed to delay the settlement of claims adjudicated by the Claims Panel and submitted for settlement to the Legislature in the 1997 Regular Session; and
- (5) Adding language that states that the awards contained in the bill are not be considered as a precedent for other pending claims under chapter 674, HRS, and that the criteria and formula established and approved pursuant to section 2 of the bill will be utilized to resolve those claims.

Your Committee believes that the issue of determining just compensation for Hawaiian Home Lands Trust beneficiaries who have made claims under chapter 674, HRS, must be conclusively and holistically addressed in order for the purposes of the Hawaiian Home Lands Trust to move forward.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1875, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1875, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 334 Water, Land, and Hawaiian Affairs on S.B. No. 1881

The purpose of this Act is to create the Waianae coast community benchmarking pilot project to further benchmarking efforts for developing the economy and improving the quality of life on the Waianae Coast.

Your Committee received testimony in support of the bill from the Department of Business, Economic Development, and Tourism, Aloha United Way, Hawaii Community Services Council, Waianae Coast Day Care Centers, Incorporated, Ohana Lualualei Ahupua'a, Waianae Coast Coalition, Bank of Hawaii, and a professor from the University of Hawaii's Political Science Department.

Your Committee finds that the community benchmarking process has been adopted by a number of states and other jurisdictions across the country. Benchmarking can unify communities, integrate the delivery of services, and optimize the allocation of resources

to achieve stated goals. Benchmarking encourages long-term perspectives in achieving measurable goals. Typically, goals encompass the economy, the health of the population, education, the environment, safety, and government efficiency.

In brief, benchmarking involves four steps:

- (1) Expressing a preferred future through a broad vision;
- (2) Setting goals to achieve that vision;
- (3) Establishing measurable indicators that show movement toward or away from those goals; and
- (4) Determining the desired progress toward those goals in terms of the indicators, or benchmarking.

The following illustrates how benchmarking can work:

- (1) Vision: A Hawaii filled with aloha;
- (2) Goal: Healthy, productive, and safe people;
- (3) Indicators: Numbers of smokers; numbers of high-skill, high-paying jobs; and the violent crime rate; and
- (4) Benchmarks:
 - (A) There will be a ten percent reduction in the number of smokers in Hawaii by the year 2010;
 - (B) There will be a ten percent increase in the number of high-skills, high-paying jobs by the year 2010; and
 - (C) There will be a reduction of five percent in the violent crime rate by the year 2010.

Benchmarking is a process that seeks to unify communities so that people reach agreement on the benchmarks. Since each community is different, the specific benchmarks that one community adopts may be different from those of another community. Once benchmarks are agreed upon, resources can be rationally allocated to make progress toward those benchmarks. In this way, outcomes, or the results of spending, are measured rather than inputs, or how much is spent. Another benefit of benchmarking is that it can integrate planning across different sectors since the benchmarking process gives them a common language and common goals for developing the economy and improving the quality of life.

Ke Ala Hoku is a benchmarking process started in 1995 by various private organizations. Partners include the Chamber of Commerce, Aloha United Way, the Business Roundtable, Hawaii Community Foundation, Hawaii Community Services Council, and the Polynesian Voyaging Society. Ke Ala Hoku has committed to a bottom-up process rather than a top-down benchmarking process. To date, there has been progress in the development of a common language around benchmarks, in the use of benchmarking tools by organizations, and in other organizations aligning themselves to help achieve the benchmarks already established by Ke Ala Hoku.

Ke Ala Hoku has focused upon the Waianae coast to demonstrate the potential benefits of benchmarking at a community level. The Waianae coast was selected because it is a well-defined area with a cooperative spirit among private nonprofit organizations and government agencies. The Waianae Coast Coalition has taken a leadership role in the benchmarking process.

Your Committee has amended the bill by specifically naming the Department of Business, Economic Development, and Tourism and the Department of Human Services as participants on behalf of the State in this project.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1881, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1881, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Anderson).

SCRep. 335 Commerce, Consumer Protection, and Information Technology on S.B. No. 5

The purpose of this bill is to clarify the waiver of liability issued to motorsports participants.

Your Committee received testimony in support of the bill from the Hawaii Motorsports Center, Hawaii Raceway Park, Incorporated, the Hawaii Racing Association, the American Motorcycle Association, the American Historic Racing MotorCycle Association, the American Power Boat Association, International Drag Bike Association, International Hot Rod Association, National Hot Rod Association, National Truck Pullers Association, Specialty Equipment Market Association, Sports Car Club of America, World Karting Association, the World of Outlaws, Hawaii International Racing School, the Estate of James Campbell, K & K Insurance Group, TIG Insurance Companies, and numerous racing enthusiasts.

Your Committee finds that in order for motorsports facilities to remain as a viable business in the State, certain assurances against liability must be established. Motorsports events are by nature, a potentially dangerous undertaking. Participants in such events know the risks involved and should accept the responsibility of their actions. However, the bill still ensures that the waiver of liability does not cover certain intentional acts of ill conduct that may adversely affect motorsports participants.

Your Committee has amended the bill by:

- (1) Adding that the waiver of liability also protects the owner, operator, and promoter of the motorsports facility;

- (2) Adding the term "land" to be included in the definition of "motorsports facility";
- (3) Adding a definition of "Owner" to the bill;
- (4) Clarifying the definition of "participant";
- (5) Removing the term "gross negligence" from the acts not covered by the waiver of liability; and
- (6) Providing that the waiver of liability shall not be enforceable against a minor or the minor's representative.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 5, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 5, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 336 Commerce, Consumer Protection, and Information Technology on S.B. No. 150

The purpose of this bill is to amend section 281-33.1, Hawaii Revised Statutes, to establish penalties for unlawful direct shipment of liquor to any person in Hawaii.

Your Committee received testimony in support of this measure from the Department of Taxation, the Department of Liquor Control, County of Maui, the Department of Liquor Control, County of Hawaii, the Department of Liquor Control, City and County of Honolulu, the Department of Liquor Control, County of Kauai, and the Retail Liquor Dealers Association.

Your Committee notes that representatives of the liquor industry have expressed concerns that the illegal activity of direct shipment of liquor to individuals allows minors to obtain liquor, hurts retail liquor sales of local businesses, and costs the State money in uncollected taxes.

Your Committee is in agreement with the intent of this bill and believes the penalties will deter illegal shipments more effectively than the current law.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 150 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 337 (Majority) Commerce, Consumer Protection, and Information Technology on S.B. No. 398

The purpose of this bill is to add a new chapter in Hawaii Revised Statutes (HRS), to create a licensing board and establish a licensing requirement for hoisting machine operators to be administered by the Department of Commerce and Consumer Affairs.

Your Committee received testimony in support of this measure from the Hawaii Operating Engineers Industry Stabilization Fund. The Department of Commerce and Consumer Affairs (DCCA) and the Department of Labor and Industrial Relations (DLIR) submitted testimony in opposition.

Your Committee finds that a 1993 "sunrise review" by the Legislative Auditor determined that DCCA regulation of crane operators (now called hoisting machine operators) is not warranted and that there are other federal, state, and private sector protections in place. State protections include the Hawaii Occupational Safety and Health (HIOSH) rules that hold employers responsible for ensuring that hoisting machine operators have the training and experience necessary to safely operate the equipment for the protection of both the employee and the public.

Your Committee notes that safety is the chief concern expressed by all those who testified and the state agencies' primary objection to this bill is the placement of licensing and responsibility for hoisting machine operators with DCCA. Both agencies indicated it would be more appropriate with DLIR, which is already responsible for the safety of hoisting machine equipment.

Your Committee is in agreement that the safety of both the hoisting machine operators and the public warrants some regulation of the industry. Your Committee also agrees this would be more appropriately placed with DLIR and has amended the bill accordingly. The bill now amends section 396-4(a), HRS, to require DLIR to regulate cranes and hoisting machine operators as part of its occupational safety and health function.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 398, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 398, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, 1 (Solomon). Excused, 1 (Aki).

SCRep. 338 Commerce, Consumer Protection, and Information Technology on S.B. No. 1032

The purpose of this bill is to regulate the profession of marriage and family therapists and to set standards of qualifications, education, and experience for those persons who seek to represent themselves as marriage and family therapists.

Your Committee received testimony in support of this measure from the Hawaii Association of Marriage and Family Therapists, the Hawaii Division of the American Association of Marriage and Family Therapists, a dozen counseling and resource organizations, several churches, and approximately 75 individuals. The Department of Commerce and Consumer Affairs submitted comments and recommended amendments.

Your Committee finds that marriage and family therapists treat individuals, couples, and families with a wide range of emotional, mental, behavioral, relationship, and psychological problems and disorders. The therapy is defined by the approach taken to diagnose and treat patients, not by a particular patient base. Marriage and family therapists are trained to deal with relationship issues, as well as the underlying causes of family problems. Marriage and family therapists have the training and education to diagnose and treat alcohol and drug abuse, clinical depression, mood disorders, and other serious mental illnesses. Thirty-seven states currently license marriage and family therapists.

Your Committee notes that a "sunrise report" by the Legislative Auditor recommended against regulation and licensure. The Department of Commerce and Consumer Affairs made several recommendations which the Department feels are imperative to provide a reasonable licensure program for the profession.

Your Committee concurs with the Auditor's report regarding the approximate fees this new regulated group would pay into the Department's special fund to support the program. Although it is not included in the bill, the profession has been given notice that licensure and triennial renewal fees could be as high as \$2,670.

Your Committee is in agreement that it is in the public's interest to provide a regulatory framework for marriage and family therapists. Your Committee has amended this bill to incorporate the recommendations by the Department of Commerce and Consumer Affairs, and a change in the definition of "clinical supervision" recommended by the Hawaii Association of Marriage and Family Therapists. Technical, nonsubstantive amendments were also made.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1032, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1032, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 339 Commerce, Consumer Protection, and Information Technology on S.B. No. 1110

The purpose of this bill is to repeal section 281-36, Hawaii Revised Statutes, which requires retailers who sell liquor and other retail merchandise to set aside a space in the premises specially for the sale of liquors.

Your Committee received testimony in support of this measure from the Retail Liquor Dealers Association and the Distilled Spirits Council of the United States.

Your Committee finds that according to industry representatives, the original intent of this law was to keep liquor displays in a specified area, which could then easily be closed during the times when liquor sales were not allowed. As these time restrictions are no longer in place, there is no need to limit the areas where liquor products can be displayed, so long as the customer must pass by a checkout counter in order to buy the product and leave the store.

Your Committee is in agreement that deleting this section will ease burdensome regulations on licensees every time they wish to make a change in displays. It will also ease the workload of the liquor commissions, and does not change the law regarding who may purchase liquor.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1110 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 340 (Majority) Commerce, Consumer Protection, and Information Technology on S.B. No. 1918

The purpose of this bill is to establish an intervenor fund to be administered by the Public Utilities Commission (PUC) to assist intervenors who lack the resources necessary to present testimony and other evidence in cases before the PUC.

Your Committee received testimony in support of this measure from the Consumer Advocate, the Hawaii American Association of Retired Persons, Na Leo Pohai, the Public Policy Affiliate of the Outdoor Circle, Hawaii Ocean View Estates Community Association and the Ocean View Business Association, the McCully/Moiliili Neighborhood Board No. 8 and the Ala Wai Watershed Community Network, the Waikiki Residents Association, and six individuals. The Public Utilities Commission, Hawaiian Electric Company, Inc., GTE Hawaiian Telephone Company, AT&T Communications of Hawaii, Young Brothers, Limited, the Hawaii Transportation Association, and a private citizen submitted testimony in opposition.

Your Committee finds that over the years, unfunded groups have been credited with bringing important public issues to the PUC's attention, as well as presenting a broad range of relevant information when there are consumer groups with conflicting interests. The PUC testified that it currently administers an intervenor funding program, and that it has received only one request for funding since it was established in 1992.

Your Committee also finds that some of the strongest advocates for an intervenor fund support checks and balances to prevent abuse. Suggestions by the Consumer Advocate include:

- (1) Requiring the intervenor to demonstrate reasonable effort to find funding elsewhere;
- (2) Requiring the intervenor to keep account of costs and to make these records open for inspection by the PUC;
- (3) Requiring the intervenor to make a substantial contribution in assisting the PUC at arriving at its decision; and
- (4) Placing a cap on the fund.

Your Committee is in agreement that an intervenor fund, properly administered, would provide a community benefit that may have a substantial impact in determining public policy. Your Committee has amended this bill to incorporate the recommendations of the Consumer Advocate, and placed a cap of \$500,000 on the fund.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1918, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1918, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Slom). Excused, 2 (Aki, Solomon).

SCRep. 341 Health and Environment on S.B. No. 143

The purpose of this bill is to amend the penal code to make tobacco use or possession by a minor an unlawful offense.

Your Committee heard testimony in favor of this bill submitted by the Hawaii Food Industry Association. Testimony against this bill was submitted by the director of health, executive director of human services, and the Hawaii Pacific Division Inc. of the American Cancer Society. The East Hawaii Unit of the American Cancer Society, Hawaii Pacific Division, Inc. (ACS-East Hawaii), department of health, and a concerned citizen recommended amending this bill to expand the areas in which smoking is prohibited to include a buffer zone around doors, windows, and ventilation systems of facilities open to the public.

Your Committee amended this bill by incorporating the recommendations of a concerned citizen, and extending the smoking ban to include a ten-foot radius around the entrances to various buildings.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 143, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 143, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 342 Health and Environment on S.B. No. 1087

The purpose of this bill is to amend the criteria for involuntary commitment and treatment in connection with judicial determinations of lack of mental capacity to stand trial, to minimize excessive lengths of stay at the Hawaii State Hospital and improve the use of mental health resources of the State.

Your Committee heard testimony in favor of this bill submitted by Department of Health, Hawaii Psychiatric Medical Association (HPMA), and Mental Health Association in Hawai'i. The Administrative Director of the Courts submitted testimony taking no position on this bill but expressed serious concerns and opposition to portions of the bill affecting court management. Pursuant to your Committee's request, the Department of Health and HPMA submitted suggested language to establish a task force to review and make recommendations regarding improvement to the involuntary commitment and treatment procedures in place at present.

Your Committee incorporated the recommendations of the Department of Health and HPMA, and amended this bill by retaining the introductory section, and replacing the remainder of the bill with the suggested language for the creation of the Mental Health Statutes Task Force, modified for clarity and drafting style, which is established for the purpose of reviewing existing laws and procedures and recommending legislative proposals for the improvement of the involuntary commitment and treatment laws.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1087, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1087, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 343 Health and Environment on S.B. No. 1248

The purpose of this bill is to provide that when a person leaves Waimano Training School and Hospital (WTSH), the amount of money it costs to serve the individual while at WTSH shall be used to pay the individual's community-based services. Any remaining funds shall be used to supplement state matching funds for Title XIX Medicaid community-based programs.

Your Committee received favorable testimony from: the Director of Health, the State Planning Council on Developmental Disabilities, the Commission on Persons With Disabilities, and Kona Krafts. The bill was opposed by the Department of Budget and Finance on the basis that the bill allows expansion of community-based services without the benefit of executive or legislative review.

Your Committee notes that it is state policy to transition persons at WTSH to community-based programs. Your Committee also notes that there was a commitment on the part of the State at the time that it was decided to close WTSH, that savings from such closure would be used to support community based services for the developmentally disabled population. This bill will support that commitment, increase federal funding, and strengthen the service system in the community.

Your Committee amended the bill to include language offered by the Department of Health which allows varied matching opportunities, when available, to fund community-based services; and which would be consistent with matching fund language under section 333F-2, Hawaii Revised Statutes. Your Committee also made technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1248, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1248, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 344 Health and Environment on S.B. No. 1577

The purpose of this bill is to establish criminal penalties for illegal dumping of solid wastes.

Your Committee heard testimony in favor of this bill submitted by the Department of Health and the Sierra Club, Hawaii Chapter. Testimony against this bill was submitted by Hawaiian Electric Company, Inc. The Department of Health recommended that the definition of "inert fill material" be amended to conform to the City and County of Honolulu's definition of the term to promote consistency in enforcement efforts.

Your Committee incorporated the recommendation of the Department of Health and addressed the concern of Hawaiian Electric Company, Inc. by using the phrase "knowingly consents to" instead of "allows" in the criminal penalty provision to avoid criminal liability for a landowner who merely fails to take all necessary precautions to prevent third parties from illegally dumping solid wastes on the landowner's property.

Your Committee amended this bill by:

- (1) Amending the definition of "inert fill material" to conform to the definition of the same term in the regulations of the City and County of Honolulu;
- (2) Amending the criminal penalty provision by replacing the term "allows" with "knowingly consents to" in the first sentence of new subsection 342H-30(d); and
- (3) Making technical, nonsubstantive changes for accuracy, clarity, and drafting style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1577, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1577, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 345 Health and Environment on S.B. No. 1903

The purpose of this bill is to expedite the commitment and discharge process of involuntary psychiatric patients.

Your Committee received testimony in support of the bill from the City and County of Honolulu's Department of Health. The State Department of Health provided qualified support of the measure.

Your Committee finds that the bill requires the courts to conduct a hearing within two days of the filing of an objection to discharge of an involuntary psychiatric patient and to immediately issue an order of discharge following the hearing, if applicable.

Your Committee believes that the bill responds to the need to release patients from the state hospital as expeditiously as possible when the patient is no longer a proper subject for commitment. Patients will only be released if they have been medically cleared as no longer a proper subject for commitment or due to the expiration of the court order, and objections to discharge have been reviewed through the hearing process.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1903 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 346 (Joint) Human Resources and Health and Environment on S.B. No. 132

The purpose of this bill is to implement recommendations of the coordinating committee convened by Act 301, SLH 1996, to design and develop a single entry point system for long-term care in Hawaii. The bill appropriates funds to be expended by the Department of Human Services to implement the single entry point system.

Your Committees received testimony in support of this bill from the City and County of Honolulu Department of Human Resources, Child and Family Service-Gerontology Program, Hawaii Association of Case Managers, Society for Social Work Administrators in Health Care, Hawaii Centers for Independent Living, Healthcare Association of Hawaii, Hawaii Medical Association, Health Insurance Association of America, Caring for Life Foundation, and Hemophilia Foundation of Hawaii supporting this measure. Testimony was received from the State Planning Council on Developmental Disabilities, Commission on Persons with Disabilities, AARP, and Adult Day Health Services Hawaii, Inc. supporting the intent of the measure with amendments. The Kokua Council for Senior Citizens expressed concern about the current availability of long-term care services. Testimony from the Department of Human Services and the Executive Office on Aging was received supporting the intent of the bill with financial reservations. Testimony in opposition of the measure was received from one private citizen.

Your Committees have amended this bill by:

- (1) Changing the amount of the appropriation to \$1.00;
- (2) Placing the advisory council under the Department of Human Services; and
- (3) Making various technical, nonsubstantive revisions for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Human Resources and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 132, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 132, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 6. Noes, none. Excused, 4 (Fukunaga, Sakamoto, Tam, Anderson).

SCRep. 347 (Joint) Human Resources and Health and Environment on S.B. No. 462

The purpose of this bill is to encourage the development and expansion of community-based adult day health centers as a long-term care alternative.

The bill calls upon the Departments of Health and Human Services to coordinate their requirements and services in relation to adult day health and adult day care centers and to submit a report on their efforts to the 1998 legislature.

Your Committees received testimony in support of this bill from the Adult Day Services Hawaii, Inc. The Department of Health and the Department of Human Services submitted testimony in support of the intent of the bill, but believed the proposed legislation was unnecessary.

As affirmed by the records of votes of the members of your Committees on Human Resources and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 462 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 6. Noes, none. Excused, 4 (Fukunaga, Sakamoto, Tam, Anderson).

SCRep. 348 Human Resources on S.B. No. 1350

The purpose of this bill is to appropriate funds to the Department of Human Services so that the Office of Youth Services can establish a two-year counseling and diversion demonstration program at two existing youth service centers for Native Hawaiian first-time youthful offenders.

Your Committee received testimony in support of this bill from Alu Like, Inc., and the Consortium on Native Hawaiians in the Criminal Justice System. The Office of Youth Services is supportive of the intent, but had financial reservations.

Your Committee respectfully requests the Committee on Ways and Means to consider the Office of Hawaiian Affairs as a possible funding partner for this program.

Your Committee has amended this bill by changing the appropriation to \$1 for each fiscal year for the purpose of further discussion.

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

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Levin, Sakamoto, Anderson).

SCRep. 349 Human Resources on S.B. No. 1351

The purpose of this bill is to amend Hawaii Revised Statutes, chapter 346, by taking an allowed option from Section 115 of Public Law 104-193, which permanently ends eligibility for federal cash welfare and food stamps for anyone convicted of a drug-related felony, including drug use, possession, or distribution after August 22, 1996.

Your Committee received testimony in support of this bill from the Department of Human Services, State Attorney General, Department of Health, Hawaii Paroling Authority, State Judiciary, Habilitat, Ho'omau Workers, Salvation Army, National Association of Social Workers, and one private citizen.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1351 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Levin, Sakamoto, Anderson).

SCRep. 350 Human Resources on S.B. No. 1851

The purpose of this bill is to require community rehabilitation programs for persons with disabilities to comply with certain additional requirements in order for public agencies to purchase products or services from the program without bids.

Your Committee received testimony in support of this bill from Ka Lima O Maui, Opportunities for the Retarded, Inc., and Goodwill Industries of Honolulu, Inc.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1851 and recommends that it pass Second Reading and be referred to the Committee on Government Operations and Housing.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Levin, Sakamoto, Anderson).

SCRep. 351 Government Operations and Housing on S.B. No. 548

The purpose of this bill is to expand the Procurement Policy Board from five to seven members, and to require that the two additional members have significant experience in the field of health and human services.

Your Committee received favorable testimony from: the Hemophilia Foundation, Ka Lima O Maui, and the Waikiki Health Center. The State Procurement Office supported the intent of the bill.

Your Committee earlier passed S.B. No. 1419, which was introduced in the 1997 Regular Session of the Legislature. That measure establishes a new chapter in the Hawaii Revised Statutes, (H.R.S.), to govern purchases of health and human services. That bill further requires the Procurement Policy Board established under section 103D-201, H.R.S., to adopt rules for the procurement of goods and services under that chapter, and to be responsible for adopting rules implementing the new chapter on purchases of health and human services. However, as presently constituted, there is no requirement that members of the Procurement Policy Board have experience in the purchase of health and human services, and there is need for such perspective given the differences between health and human services procurement and other types of procurement.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 548, S.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 352 Government Operations and Housing on S.B. No. 1153

The purpose of this bill is to allow the use of a certification statement from the insurance company as an optional means of providing evidence of compliance with the fidelity bond requirement for the registration of a managing agent and an association of apartment owners. In addition, this bill clarifies that all condominium projects or association of apartment owners having six or more apartments must register with the Hawaii Real Estate Commission and provide public information about the condominium project, including the street and postal address.

Supportive testimony was submitted by the Hawaii Real Estate Commission ("Commission") and the Community Associations Institute.

The current statute requires that managing agents and condominium associations registering with the Commission submit a complete fidelity bond policy as part of the registration process. Testimony revealed that despite having paid for the coverage, it could take up to two or more months for an applicant to obtain the complete fidelity bond policy. Also, in the event that a condominium managing agent changes coverage or insurance company during a registration period, they are required to submit documents evidencing compliance with the requirement. As a result, applicants have experienced significant delays in obtaining registration as managing agents since they are not able to present evidence of coverage to complete their application.

Your Committee finds that acceptance of a certification statement from the insurance company will streamline the process for both new applicants and current registrants, without sacrificing consumer safety and the integrity of the funds that are covered by the fidelity bond.

Your Committee has amended this bill as follows to:

- (1) Clarify that condominium projects created under chapter 170A, Revised Laws of Hawaii, must register with the Commission and provide public information about the condominium project, including the street and postal address; and

- (2) Make technical, nonsubstantive amendments for the purpose of style and clarity.

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

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 353 Government Operations and Housing on S.B. No. 1884

The purpose of this bill is to require state agencies to devote at least thirty percent of their total procurement budget to purchasing goods and services from small local businesses.

Your Committee received favorable testimony from Legislative Information Services of Hawaii, Inc. which believes this bill to be one of the most positive signals in support of small business they have seen. Testimony in opposition to the bill was received from the State Procurement Office on the basis that the bill was unnecessary under present statutes which establishes a goal that twenty percent of the State's annual purchasing expenditure be awarded to small businesses.

Your Committee is of the opinion that greater effort must be made to stimulate the State's lethargic economy. Your Committee has amended the bill to:

- (1) Provide that the State Procurement Policy Board adopt rules consistent with section 103-45.5, Hawaii Revised Statutes; and
- (2) Express the intent of the Act not to jeopardize the receipt of federal aid or impair the State's obligation to any holder of a state bond.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1884, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1884, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 354 Government Operations and Housing on S.B. No. 1885

The purpose of this bill is to increase the limit for small purchase nonbid construction procurements from \$25,000 to \$50,000, and to provide that the chief procurement officer may adopt interim rules to facilitate payment of purchases.

Your Committee received testimony in opposition to the bill from the State Procurement Office and Pacific Resource Partnership on the basis that raising the small purchase level from \$25,000 to \$50,000 undercuts the goals of obtaining the best price while providing a fair and open process to all potential contractors. Especially in these difficult economic times a \$50,000 purchase cannot be considered a small purchase.

Your Committee is of the opinion that the formal bid process unnecessarily stymies and delays agencies in their efforts to make small procurements. Your Committee has amended the bill to leave the construction limit at \$25,000, but has raised the small purchase limit for goods and services from \$10,000 to \$15,000. The bill was further amended to provide that the comptroller, not the chief procurement officer, may adopt interim rules.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1885, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1885, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 355 (Joint) Education and Human Resources on S.B. No. 918

The purpose of this bill is to establish a school safety office within the Department of Education and to appropriate funds therefor.

Your Committees received testimony in support of the bill from the Department of Education with funding reservations.

Your Committees find that establishing such an office would provide a proactive approach to accident prevention and would be more cost-effective than compensating persons after they are injured.

Your Committees have amended the bill by reducing the appropriated amount to \$1 and by making technical, nonsubstantive amendments for the purpose of style.

As affirmed by the records of votes of the members of your Committees on Education and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 918, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 918, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 6 (Baker, Fernandes Salling, Ige, D., Levin, Metcalf, Anderson).

SCRep. 356 (Joint) Education and Human Resources on S.B. No. 1045

The purpose of this bill is to create a state level School-to-Work system. This bill appropriates \$850,000 to the Department of Education in fiscal year 1997-1998, and \$1,700,000 in fiscal year 1998-1999 to provide matching funds for the grants received under the federal School-to-Work program.

Your Committees received testimony in support of this measure from the Department of Education, the Department of Business, Economic Development, and Tourism with funding reservations, the Department of Labor and Industrial Relations, the Hawaii School-to-Work Opportunities Executive Council, several educators from Campbell High School, a teacher and coordinator from Nanakuli High and Intermediate School, the Estate of James Campbell, and Chevron Products Company.

Your Committees find that Hawaii will receive \$10,200,000 in federal resources over a five year period to build a School-to-Work system. By tapping these funds Hawaii has committed itself to a major restructuring of its educational system. Grades K to postsecondary education will be involved.

Your Committees further find that hundreds of community members from business, industry, labor, and government have devoted significant time and effort to ensure that the students who are the products of our State's education system have the performance attributes, training, and awareness necessary to be successful in the next step in their lives.

Your Committees believe that the Executive Council, which is represented by members from private industry, labor, education, and the public sector holds an important policy making role in the development of the School-to-Work initiative in this State.

Your Committees have amended this bill by including local or regional partnerships and a student member to the State Executive Council, and by making technical, nonsubstantive amendments.

As affirmed by the records of votes of the members of your Committees on Education and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1045, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1045, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 6 (Fernandes Salling, Fukunaga, Ige, D., Levin, McCartney, Anderson).

SCRep. 357 (Joint) Education and Human Resources on S.B. No. 1359

The purpose of this bill is to allow creation of not-for-profit school enterprises within the Department of Education. Profits would be retained by the individual schools and used to purchase equipment or other needed material.

Your Committees received testimony supporting this measure from the Department of Education.

Your Committees find that schools will benefit from entrepreneurial endeavors by using profits to purchase equipment and materials that will enhance, expand, and support interdisciplinary, economics-based instruction. Student compensation will also serve as an incentive to use problem solving skills to invent, produce, market, and control products and services.

Your Committees have amended this bill by removing section one that added a new section on workers' compensation. Your Committees find that students will be covered for injury under a workers' compensation section contained in the school-to-work bill.

As affirmed by the records of votes of the members of your Committees on Education and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1359, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1359, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 6 (Baker, Fernandes Salling, Ige, D., Levin, Metcalf, Anderson).

SCRep. 358 (Joint) Education and Human Resources on S.B. No. 1543

The purpose of this bill is to streamline the Department of Education's procedures relating to workers' compensation costs.

Your Committees received testimony in support of the bill from the Department of Education. The Department of Education also testified that the Department of Human Resources Development and the Department of Budget and Finance supported the bill.

Your Committees find that the bill deletes the requirement that the Department of Education transfer funds to the Department of Human Resources Development to pay for workers' compensation costs.

Your Committees believe that since the Department of Education is directly accountable for payments of workers' compensation expenses, the funds should be kept with the Department of Education.

As affirmed by the records of votes of the members of your Committees on Education and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1543 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 6 (Baker, Fernandes Salling, Ige, D., Levin, Metcalf, Anderson).

SCRep. 359 Human Resources on S.B. No. 1437

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 1.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1437 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 360 Human Resources on S.B. No. 1438

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 2.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1438 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 361 Human Resources on S.B. No. 1439

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 3.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1439 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 362 Human Resources on S.B. No. 1440

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 4.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1440 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 363 Human Resources on S.B. No. 1441

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 5.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1441 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 364 Human Resources on S.B. No. 1442

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 6.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1442 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 365 Human Resources on S.B. No. 1443

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 7.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining and the University of Hawaii Professional Assembly.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1443 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 366 Human Resources on S.B. No. 1444

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 8.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1444 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 367 Human Resources on S.B. No. 1445

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 9.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1445 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 368 Human Resources on S.B. No. 1446

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 10.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

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

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 369 Human Resources on S.B. No. 1447

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 13.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1447 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 370 Human Resources on S.B. No. 1448

The purpose of this bill is to make appropriations for collective bargaining cost items for units 3, 4, and 13.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1448 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 371 Human Resources on S.B. No. 1449

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 1.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1449 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 372 Human Resources on S.B. No. 1450

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 2.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1450 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 373 Human Resources on S.B. No. 1451

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 3.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1451 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 374 Human Resources on S.B. No. 1452

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 4.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1452 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 375 Human Resources on S.B. No. 1453

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 5.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1453 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 376 Human Resources on S.B. No. 1454

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 6.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1454 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 377 Human Resources on S.B. No. 1455

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 7.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining and the University of Hawaii Professional Assembly.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

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

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 378 Human Resources on S.B. No. 1456

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 8.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1456 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 379 Human Resources on S.B. No. 1457

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 9.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1457 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 380 Human Resources on S.B. No. 1458

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 10.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1458 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 381 Human Resources on S.B. No. 1459

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 11.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1459 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 382 Human Resources on S.B. No. 1460

The purpose of this bill is to make appropriations for collective bargaining cost items for unit 13.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1460 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 383 Health and Environment on S.B. No. 374

The purpose of this bill is to establish a public health nursing program within the Department of Health.

Your Committee heard testimony in favor of this bill submitted by the Director of Health, Hawaii Nurses' Association, Community Clinic of Maui, American Lung Association of Hawaii, County of Maui Police Department, Honolulu Community Action Program, Inc., Imua Rehab, Hale Makua, Maui Center for Independent Living, Maui Family Support Services, Inc., and fourteen concerned residents of the State. The Director of Health recommended that the appropriation provisions of the bill be deleted because the department has adequate resources to establish the program without the appropriation.

Your Committee adopted the Director of Health's recommendation and amended this bill by deleting the appropriation provisions.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 374, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 374, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 384 Health and Environment on S.B. No. 375

The purpose of this bill is to raise the solid waste disposal surcharge from 25 cents per ton to 35 cents per ton.

Your Committee heard testimony in favor of this bill submitted by Director of Health and Sierra Club, Hawaii Chapter. Testimony against this bill was submitted by Director of Public Works for City and County of Honolulu, and Hawaii Island Contractors' Association. The Tax Foundation of Hawaii submitted testimony pointing out the lack of accountability resulting in increased fees.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 375 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 385 Health and Environment on S.B. No. 376

The purpose of this bill is to establish a scrap tire advance disposal fee of 25 cents per new motor vehicle tire imported into the State.

Your Committee heard testimony in favor of this bill submitted by the Director of Health, Director of Public Works for the City and County of Honolulu, and Hawaiian Commercial & Sugar Company. Testimony against this bill was submitted by Hawaii Island Contractors' Association. The Director of Health recommended the inclusion of additional language which requires tire importers to register with the Department of Health, establishes the procedures and methods for collecting the advance disposal fee, creates a reporting requirement for tire importers, and defines "motor vehicle tire importer".

Your Committee amended this bill by incorporating the recommendations of the Director of Health with modifications for clarity and drafting style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 376, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 376, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 386 Health and Environment on S.B. No. 450

The purpose of this bill is to increase the civil penalties for violations of the State's clean water and hazardous waste laws. The fine for violations of the State's clean water law is increased from \$10,000 to \$25,000, with each day of a continuing violation being a separate violation. The fine is expressly made to apply to violations of permits or variances issued under the State's clean water law.

The measure also increases the fine for obstructing or hampering the entrance or inspection by Department of Health employees, acting under the State's clean water laws, from \$5,000 to \$10,000 for each day of obstruction or hampering.

Penalties for violations for the State's hazardous waste laws are increased from \$10,000 to \$25,000, with each day of a continuing violation being a separate offense. The measure also imposes a fine on persons who knowingly treat, store, or dispose of hazardous waste in violation of a permit issued under the State's hazardous waste law.

Your Committee received favorable testimony from: the Department of Health, the Democratic Party, Pacific-Asian Inc., and the Sierra Club of Hawaii. Testimony in opposition to this measure was received from: Chevron, BHP Hawaii, Inc., the General Contractors Association of Hawaii and the Construction Industry Legislative Organization.

Testimony in opposition to this measure questioned the need for increasing the penalties at this time without any showing that the present fines were inadequate as a deterrent. However, testimony in support indicated that raising the fines to \$25,000 would: make state law consistent with the federal clean water statutes; enhance the Department of Health's ability to foster compliance; make the clean water and hazardous waste laws consistent with the penalties under the State's clean air and underground storage tank laws; eliminate the anomaly that private citizens can sue under federal law for penalties greater than the Department can recover in enforcing state law; and correct an oversight in existing law by expressly ensuring that knowing violations of hazardous waste permits will be penalized.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 450 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 387 Health and Environment on S.B. No. 497

The purpose of this bill is to establish a traumatic brain injury program and advisory board within the Department of Health.

Your Committee received testimony in support of the bill from the State Commission on Persons With Disabilities, the Waikiki Contemporary Art Gallery, and a private citizen who has suffered a traumatic brain injury. The Department of Health supported the intent to develop and implement a plan to address the needs of persons affected by a traumatic brain injury, but opposed the creation of an advisory board through statute and obligating state funds to establish a demonstration project to qualify for federal matching funds.

Your Committee finds that traumatic brain injury (TBI) has become the number one killer and cause of disability of young people in the United States. Motor vehicle accidents, sports accidents, falls, and increasing violence are the major causes of TBI. Long known as the silent epidemic, TBI can strike anyone -- infant, youth, or elderly person -- without warning and with devastating results. TBI can cause significant impairment to a person's physical, psychosocial, and cognitive functional abilities. TBI affects the whole family and often results in huge medical and rehabilitation expenses over a lifetime.

Unless we are willing and able to remove all risks from daily life, TBI will continue to occur. Given the advances of modern medicine, more persons will survive catastrophic injuries and remain in the community for near normal lifespans. Those persons with TBI and their families will have their lives forever changed by the physical, emotional, and spiritual devastation resulting from the injury and its aftermath. As society continues to place a premium on intellectual and cognitive abilities, the situation for TBI survivors is likely to deteriorate, with fewer options for employment, limited housing, relationship difficulties, and over-stressed families.

Your Committee further finds that the financial costs of TBI to the State are enormous. The lifelong cost of caring for a TBI survivor is estimated to be as much as \$4.5 million per person. TBI survivors are very often diagnosed as mentally ill and are inappropriately trained or rehabilitated to be mentally and emotionally dysfunctional. The organic brain injury is often not treated resulting in a painfully slow recovery process. The legislature finds that there is severe lack of public awareness and appropriate professional training for effective diagnosis and treatment of TBI.

The Traumatic Brain Injury Act, P.L. 104-166, 104th Congress (1996) was recently signed into law by the President and established a program promoting basic and applied research with respect to TBI, and offering grants to states for establishing demonstration projects regarding TBI in the form of matching funds. Under the federal Traumatic Brain Injury Act, the federal government will provide two dollars for every dollar appropriated by a state. In these financially difficult times, your Committee believes that it is in the best interest of the State to pursue the generous federal assistance offered by this federal measure.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 497 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 388 Health and Environment on S.B. No. 846

The purpose of this bill is to make housekeeping amendments to the controlled substances law and to provide for emergency scheduling of dangerous drugs, partial filling of prescriptions, and criminalizing of certain acts relating to prescription forms.

Your Committee heard testimony in favor of this bill submitted by the Administrator of the Narcotics Division of the Department of Public Safety, Hawaii State Coalition Against Sexual Assault (HSCASA), and Longs Drugs Stores. The HSCASA expressed reservations regarding the clarity of the term "imminent hazard" and recommended amending the term to avoid inappropriate emergency re-designations by the administrator.

Your Committee incorporated HSCASA's recommendation and amended this bill by replacing "avoid an imminent hazard or the possibility of an imminent hazard" with "address or avoid a current or imminent danger" in section 329-11(e), and by making technical, nonsubstantive changes for purposes of style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 846, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 846, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 389 Health and Environment on S.B. No. 1352

The purpose of this bill is to require the Department of Health to design and implement a program by December 31, 1997, to assist persons with disabilities to make the transition from a fee-for-service program to the managed care system of the Hawaii Health QUEST program.

Your Committee heard testimony in favor of this bill submitted by the Director of Human Services, Commission on Persons with Disabilities, State Planning Council on Developmental Disabilities, Mental Health Association in Hawai'i, and Oahu Alliance for the Mentally Ill. Testimony against this bill was submitted by the Director of Health.

Your Committee amended this bill by adding persons who are elderly and other persons qualified to participate in the QUEST program as persons covered by the transition counseling program, and by changing the program implementation date from December 31, 1997, to no later than two months prior to the close of enrollment in the health and dental plans.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1352, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1352, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 390 Health and Environment on S.B. No. 1748

The purpose of this bill is to appropriate \$120,000 for fiscal year 1997-1998 to the Department of Health for the continuation of the home hemodialysis program on Molokai and Lanai.

Your Committee heard testimony in favor of this bill submitted by the Office of Hawaiian Affairs, Queen's Health Systems, and a Maui County Councilmember. Testimony against this bill was submitted by the Director of Health.

Your Committee amended this bill by deleting the \$120,000 amount and leaving the amount unspecified to advance this measure to the Committee on Ways and Means for determination of the appropriate funding level for the program.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1748, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1748, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 391 Health and Environment on S.B. No. 1773

The purpose of this bill is to establish refund values for glass bottles, require dealers and distributors to pay refund values for returned containers, provide certification for reusable bottles, provide penalties for violations, and appropriate an unspecified amount for publication and start-up costs of the recycling program.

Your Committee heard testimony in favor of this bill submitted by Director of Health and the Hawaii Chapter of the Sierra Club, with recommendations from both to increase the advance disposal fee. Testimony against this bill was submitted by the Hawaii Food Industry Association, Legislative Center, and Sea-Land Service, Inc.

Your Committee incorporated the recommendations of the Director and Sierra Club, and amended this bill by deleting the proposed glass recycling program and increasing the advance disposal fee to 2.5 cents per glass container.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1773, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1773, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 392 (Majority) Health and Environment on S.B. No. 1904

The purpose of this bill is to appropriate moneys to provide for the operation of a long-term rehabilitation residence on Oahu for the mentally ill.

Your Committee received favorable testimony from: the City and County of Honolulu Department of Health, the Oahu Alliance for the Mentally Ill, the Affordable Housing and Homeless Alliance, and the Mental Health Association in Hawaii. The State Department of Health, while supporting the intent of the bill, submitted testimony in opposition based on budget constraints.

There is a need for better housing for persons with serious and persistent mental illness, especially persons who do not need the State's hospital expensive level of care. A concern was raised that a hundred bed facility was inappropriate, and that a smaller facility would better suit the purpose of providing long term rehabilitation residence.

Your Committee amended the bill to provide funding for a fifteen bed facility, and to make technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1904, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1904, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 1 (Slom). Excused, 1 (Tam).

SCRep. 393 Transportation and Intergovernmental Affairs on S.B. No. 755

The purpose of this bill is to allow the sharing of revenues from the public service company tax with the respective counties where the tax is collected.

Your Committee received testimony from Hawaiian Electric Company, the county of Hawaii, the city and county of Honolulu, and GTE Hawaiian Tel all in support of the bill. Your Committee also received testimony from the Department of Budget and Finance and the Department of Taxation in opposition to the bill. Your Committee also received some positive comments on the bill from the Tax Foundation of Hawaii.

Your Committee finds that the counties are faced with serious fiscal hardships brought on by a lackluster performance in the economy. This bill hopes to alleviate some of the fiscal constraints of the counties by adopting the recommendation of the 1989 Tax Review Commission. The public service company tax was established as a means of taxing the property of public utilities in lieu of the property tax. Public utilities are currently not subject to the property tax administered by the counties. This measure brings into line the assessments made on public utilities and potentially eliminates the overlap of taxation which could arise if the counties pursue to impose on public utilities a property tax.

Your Committee has amended the bill by authorizing the State Director of Finance to deduct any cost incurred by the State, rather than by just the Department of Budget and Finance, for administering the public service company tax. Your Committee has also made a technical, nonsubstantive amendment to correct a drafting error.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 755, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 755, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 394 Transportation and Intergovernmental Affairs on S.B. No. 1141

The purpose of this bill is to appropriate moneys to install traffic lights at the intersection of Waiomea Street and Farrington Highway.

Your Committee received testimony in support of this bill from the Department of Transportation and the Hawaii Center for Independent Living. Your Committee also received testimony in support of this measure from two private citizens.

Your Committee finds that the installation of traffic lights at the intersection of Waiomea Street and Farrington Highway will help reduce the risks of accidents in that area.

Your Committee has amended this measure to include the installation of westbound and eastbound warning lights on Farrington Highway before the intersection at Waiomea Street. Due to the close proximity of the intersection to the end of the H-1 freeway and the lack of appropriate lighting along that stretch of highway, the installation of warning lights before the intersection will reduce the risks of vehicles approaching the intersection at excessive speeds. Your Committee has also amended the bill to include the appropriation amount for the warning lights of \$50,000.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1141, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1141, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 395 Transportation and Intergovernmental Affairs on S.B. No. 1824

The purpose of this bill is to authorize the issuance of general obligation bonds and appropriate funds to the county of Hawaii for various capital improvement projects.

Your Committee received testimony in support of this bill from the Department of Transportation, the University of Hawaii at Hilo Chancellor's Office, the University of Hawaii at Hilo Office of University Relations, the Department of Education, the Department of Water Supply of the County of Hawaii, Pacific Resource Partnership, Community Management Associates, Puna Community Council, the State Public Library, and two private citizens. Your Committee also received comments from Waimea Water Services.

Your Committee finds that the county of Hawaii is in need of various capital improvement projects including but not limited to water resources, community centers, educational facilities, medical facilities, and transportation facilities.

Your Committee has amended this measure to make technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1824, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1824, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 396 (Joint) Commerce, Consumer Protection, and Information Technology and Judiciary on S.B. No. 961

The purpose of this bill is to establish a legal framework for using digital signatures as a means of authenticating computer-based information.

Your Committees received testimony in support of the intent of this measure from the Judiciary, GTE Hawaiian Telephone, and AT&T Communications of Hawaii. The Office of Information Practices, Department of the Attorney General, and the Department of Commerce and Consumer Affairs submitted comments.

Your Committees find that faxes, scanners or copiers, modems, computers, and electronic files transfer are now commonplace means for conveying information. At a time when moving and storing information and documentation faster is a necessity to compete effectively, the electronic automation effort comes to a halt when a signature or legal authentication is necessary. One remedy is through digital signatures and encryption, which is a method of transforming information such as a signature into a mathematical code for electronic transfer.

Your Committees understand that the Judiciary has discussed using electronic document filings and digital signatures, and is now developing a pilot electronic filing, storage, and retrieval system that in time will interface with the new statewide integrated court system which will be implemented as a result of Act 203, Session Laws of Hawaii 1996. That Act established a computer system special fund to enable the Judiciary to upgrade its computer system to increase efficiency and accessibility.

Your Committees also heard the concerns expressed by the Office of Information Practices (OIP) regarding fees and confidentiality of records.

Your Committees are in agreement that this bill addresses an important, timely issue. However, your Committees also support the recommendation of the Judiciary to delay implementation for one year in order to have the benefit of the results of the Judiciary's pilot project, and has amended the effective date to July 1, 1998. Your Committees also concur with the recommendations by OIP that any fees reflect the cost of providing access, and regarding the confidentiality of records, and has amended sections -51 and -54 of the bill accordingly. Your Committees have made technical, nonsubstantive amendments.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Information Technology and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 961, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 961, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 6 (Aki, Bunda, Kanno, McCartney, Anderson, Slom).

SCRep. 397 Commerce, Consumer Protection, and Information Technology on S.B. No. 1488

The purpose of this bill is to extend authorization to issue reimbursable general obligation bonds for the Hawaii Hurricane Relief Fund. In addition, it gives the state Supreme Court original jurisdiction over controversies relating to bonds issued to finance the Hawaii Hurricane Relief Fund and the Hurricane Reserve Trust Fund.

Your Committee received testimony in support of this bill from the Hawaii Hurricane Relief Fund, Department of Commerce and Consumer Affairs. The Judiciary submitted testimony to oppose vesting original and exclusive jurisdiction in the Hawaii Supreme Court.

Your Committee notes that this bill gives the Supreme Court original and exclusive jurisdiction to render advisory opinions concerning the validity of financing arrangements for the Hawaii Hurricane Relief Fund. The Judiciary expressed reservations about issuing advisory opinions and believes the proper agency is the Department of the Attorney General. The Judiciary proposed instead an amendment that gives original and exclusive jurisdiction to the Supreme Court over any actual controversy or dispute regarding the application of Article VII of the State Constitution to financing of the Hawaii Hurricane Relief Fund and the Hurricane Reserve Trust Fund.

Your Committee finds that the Director of Finance's authorization to issue reimbursable general obligation bonds for the Hawaii Hurricane Relief Fund expires on June 30, 1997. To ensure the continued availability of this funding source, the bill extends the authorization period to June 30, 1999.

Your Committee is in agreement with the intent of this measure. Your Committee also finds that the concerns expressed by the Judiciary are well taken and has amended the bill accordingly.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1488, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1488, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 398 Commerce, Consumer Protection, and Information Technology on S.B. No. 1489

The purpose of this bill is to the repeal the sunset date for the Compliance Resolution Fund.

Your Committee received testimony in support of this bill from the Department of Commerce and Consumer Affairs.

The Compliance Resolution Fund, created in 1982 to collect fees and fund the Regulated Industries Complaints Office (RICO), is due to sunset on July 1, 2001.

Your Committee heard testimony from the Department of Commerce and Consumer Affairs that in addition to RICO, the Fund has been expanded to provide resources for the Business Registration Division, Professional and Vocational Licensing Division, the Office of Consumer Protection and support for the Office of Administrative Hearings and Administrative Services Office.

Your Committee finds that the Fund has been a particularly integral component in the self sufficiency efforts of the Business Registration Division and Professional Vocational Licensing Division, which, as of last year, have become financially independent of general funds.

Your Committee is in accord with the Department's intent to retain the Fund and supports its continued effort in moving toward greater self sufficiency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1489 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 399 Commerce, Consumer Protection, and Information Technology on S.B. No. 1492

The purpose of this bill is to make members of limited liability companies responsible under consumer protection laws in the same manner as corporate directors, officers, or agents.

Your Committee received testimony from the Department of Commerce and Consumer Affairs in support of this measure.

Your Committee finds that currently consumer protection statutes provide for individual liability for certain corporate acts. Since limited liability companies are primarily designed to take advantage of certain tax laws, members of these organizations who violate the law should not be given immunity from liability of laws designed to protect consumers.

Your Committee supports this bill and has made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1492, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1492, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 400 Commerce, Consumer Protection, and Information Technology on S.B. No. 1506

The purpose of this bill is to correct and clarify Act 261, Session Laws of Hawaii (SLH) 1996, which established the Hawaii Employers' Mutual Insurance Company (HEMIC), and to amend the Hawaii Nonprofit Corporation Act to permit HEMIC to be reorganized as a nonprofit corporation.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, the Hawaii Employers' Mutual Insurance Company Board, and the Legislative Information Services of Hawaii, Ltd.

Your Committee finds that Act 261, SLH 1996, directed that HEMIC be established as a nonprofit corporation. Chapter 415B-4, Hawaii Revised Statutes (HRS), the Hawaii Nonprofit Corporation Act, prohibits any organization subject to insurance laws from forming as a nonprofit corporation. This statutory conflict compelled HEMIC to organize under chapter 415, HRS. This bill clarifies that HEMIC may be reorganized as a nonprofit organization under chapter 415B, HRS.

Your Committee notes this measure will exempt HEMIC from participating in the education and training fund, permit a separate contingent liability for HEMIC members in its high risk division, and establish economic parameters with which HEMIC's directors must comply.

Your Committee supports this measure and has made technical nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1506, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1506, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Slom).

SCRep. 401 Commerce, Consumer Protection, and Information Technology on S.B. No. 1512

The purpose of this bill is to reduce the cost of restoration of a forfeited Certified Public Accountant license by eliminating the permit restoration requirement and to clarify that all fees shall be established by the Director through rules adopted in accordance with chapter 91, Hawaii Revised Statutes (HRS), and deposited into the Compliance Resolution Fund.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that under current law, both a license and permit are required to practice public accountancy in Hawaii. This requirement to assess twice the amount of fees the individual would have paid had the license been kept current unduly penalizes individuals who choose to interrupt their Hawaii practice. Passage of this measure would allow individuals who interrupt their practice to restore their license and permit without having to pay excessive fees.

Your Committee is in agreement with the recommendation that fees collected under section 466-8, HRS, be deposited into the Compliance Resolution Fund. This amendment would make the chapter consistent with section 26-9(1), HRS.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1512 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 402 Commerce, Consumer Protection, and Information Technology on S.B. No. 1529

The purpose of this bill is to authorize the director of the Department of Commerce and Consumer Affairs to establish advisory committees for regulatory programs to serve as consultants to the director. Members of the advisory committees will be immune from civil liability.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that the director has advisory committees comprised of members from the respective industries for boards but not for regulatory programs. In matters regarding disciplinary actions against licensees or investigations, the director does not have the benefit of consulting with experts in the industry.

Your Committee agrees with the intent of this measure and with the Department's proposed amendment, which would enable the advisory committees to serve not only as consultants to the director in reviewing possible disciplinary action against licensees, but to act as experts for professional and vocational licensing matters. Your Committee has amended this bill accordingly.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1529, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1529, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 403 (Joint) Commerce, Consumer Protection, and Information Technology and Human Resources on S.B. No. 1924

The purpose of this bill is to allow the Insurance Commissioner to adjust rates for workers' compensation whenever the Commissioner determines a rate is excessively higher or lower than the cost of coverage, and to provide the Commissioner with the authority to obtain information promptly from insurers.

Your Committees received testimony in support of this measure from the Insurance Division, Department of Commerce and Consumer Affairs. State Farm Insurance Companies submitted testimony in opposition.

Your Committees heard this measure in conjunction with S.B. No. 1925, Relating to Workers' Compensation Insurance Rates. As a result, the members believe the two purposes of S.B. No. 1924 can best be addressed separately.

Your Committees are in agreement that the sections of S.B. No. 1924 that refer to the Insurance Commissioner's authority to obtain information within fifteen days will enable the Commissioner to respond quickly in investigating complaints against agents. This will assist injured policy holders who can ill afford delays. Your Committees are also in agreement with the amendment requested by the Insurance Commissioner, to place the enforcement language in section 431:9-227 within section 431:13-103, Hawaii Revised Statutes.

Your Committees have also amended this bill by deleting the language in section 1, which allows the Commissioner to adjust rates for workers' compensation, and incorporating it into S.B. No. 1925. The amendment will allow for continued discussion of workers' compensation rate issues in one measure. Your Committees have also made technical, nonsubstantive amendments.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Information Technology and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1924, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1924, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 4 (Aki, Fukunaga, Anderson, Slom).

SCRep. 404 (Joint) Commerce, Consumer Protection, and Information Technology and Human Resources on S.B. No. 1925

The purpose of this bill is to provide that when the Insurance Commissioner reduces workers' compensation insurance premiums, the Insurance Commissioner may also require insurers to rebate any excess premiums accrued by the insurer for the time period between the rate reduction and the expiration of the insurance contract.

Your Committees received testimony in support of this measure from the Insurance Division, Department of Commerce and Consumer Affairs and the Hawaii Nurses Association. The Hawaii Insurers Council and State Farm Insurance Companies submitted testimony in opposition.

Your Committees are fully aware of the concerns raised regarding the possibility of a legal challenge to the amendment to section 431:14-104(m), Hawaii Revised Statutes, which would mandate a refund of an existing policy that was negotiated in good faith. Your Committees are in agreement that this is a serious issue, requiring further discussions with the Department of the Attorney General and the Department of Commerce and Consumer Affairs and its Insurance Commissioner. Your Committees have so directed representatives from these agencies, and will be receiving additional information as warranted.

Your Committees heard this measure in conjunction with S.B. No. 1924, Relating to Insurance. As a result, your Committees believe the issues relating to workers' compensation insurance rates, which are contained in both measures, can best be addressed in S.B. No. 1925.

Your Committees have amended this measure accordingly, by incorporating the language in section 1 of S.B. No. 1924, regarding the power of the Insurance Commissioner to adjust rates.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Information Technology and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1925, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1925, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 4 (Aki, Fukunaga, Anderson, Slom).

SCRep. 405 Transportation and Intergovernmental Affairs on S.B. No. 107

The purpose of this bill is to change the name of Keahole-Kona International Airport to Kona International Airport.

Your Committee received testimony supporting this measure from the Department of Transportation, the Kona Kohala Resort Association, the Kona-Kohala Chamber of Commerce, and the Big Island Business Council.

Your Committee finds that Kona International Airport was the original name of the airport and is a simpler and more recognizable name. Keahole is a lesser known name to visitors who find it difficult to pronounce. Kona International Airport is the name most people currently use when referring to the airport.

Your Committee has amended this bill by adding Keahole, Hawaii to the end of Kona International Airport.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 107, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 107, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Kanno).

SCRep. 406 Transportation and Intergovernmental Affairs on S.B. No. 809

The purpose of this bill is to make the operation or parking of a vehicle without a current certificate of inspection within a public parking area a fineable event. Current law only covers operating or parking on a public highway.

This measure also allows for the waiver of the fine established if proof of compliance is submitted to the circuit court within two days from the date of the citation, along with a processing fee.

Your Committee did not receive any testimony on this measure.

Your Committee finds that this measure will allow for broader enforcement of safety certificate violations, while also providing a fair and efficient waiver process.

Your Committee has amended this measure by inserting \$1 as the amount of the circuit court processing fee for waivers.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 809, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 809, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Kanno).

SCRep. 407 (Joint) Transportation and Intergovernmental Affairs and Judiciary on S.B. No. 1037

The purpose of this bill is to appropriate moneys as grants-in-aid for victim assistance programs, career criminal prosecution units, and victim witness assistance programs of the prosecuting attorneys' offices located in the city and county of Honolulu, and the counties of Maui, Kauai, and Hawaii.

Your Committees received testimony in support of the bill from the Department of the Prosecuting Attorney, City and County of Honolulu; the Office of the Prosecuting Attorney of the County of Kauai; the Office of the Prosecuting Attorney of the County of Hawaii; the Victim Witness Assistance Program of the Office of the Prosecuting Attorney of the County of Hawaii; the Department of the Prosecuting Attorney of the County of Maui; the Hawaii State Coalition Against Domestic Violence; and Mothers Against Drunk Driving. A Maui County Council member also submitted testimony in support of this bill.

Your Committees find that in Hawaii, the largest single area of victim assistance continues to be misdemeanor domestic violence. Victims are usually the key witnesses in a case. Without their testimony, criminals cannot be held responsible for their actions and remain free to hurt others in the community. Victims need assistance to face testifying in court, and they also require help in recovering from the trauma of criminal victimization. In fact, misdemeanor domestic violence prosecutions number more than 4,000 cases annually on Oahu. Any hope of stemming the growing tide of domestic violence cases is dependent upon the prosecution's ability to intervene in cases at the misdemeanor level.

Your Committees further find that hardcore defendants are repeat offenders with felony convictions who continue a life of crime. These repeat offenders are responsible for a significant amount of the crime committed in our community. Most of them are prosecuted on multiple counts and typically have victimized many people during their criminal careers. The robberies, burglaries, assaults, and drug and firearms offenses that they commit are what keeps our communities in fear and behind locked doors. Career criminals' repeated crimes cause millions of dollars each year in physical injuries, medical costs, and property loss. The crimes they commit raise our insurance rates, keep us from enjoying the beauty and resources of our community, and keep us in fear for our families' safety. Your Committees are in agreement that these programs and services are necessary, and should continue to be funded.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1037 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 6. Noes, none. Excused, 6 (Aki, Bunda, Fernandes Salling, McCartney, Anderson, Slom).

SCRep. 408 (Majority) Commerce, Consumer Protection, and Information Technology on S.B. No. 852

The purpose of this bill is to require time share developers that are corporations to give notice if the value of the stock drops ten per cent or more; and subject time sharing plans to the transient accommodations tax (TAT).

Your Committee received testimony in support of this measure from the ILWU Local 142 and a member of the Maui County Council. The American Resort Development Association, Dwyer Imanaka Schraff Kudo Meyer and Fujimoto, Marriott Vacation Club International, and the Waikoloa Beach Resort Bay Club submitted testimony in opposition. The Department of Commerce and Consumer Affairs, the Department of Taxation, and the Tax Foundation of Hawaii submitted comments.

Your Committee finds a number of problems with the bill as drafted, and has amended it to more accurately reflect the Committee's intent that the State must become more proactive and creative in its enforcement efforts of time share activities. As amended, the bill:

- (1) Establishes a time share citation special fund administered by the Director of Commerce and Consumer Affairs; and
- (2) Determines the process and penalties for citations as a result of violations of sections 524E-2.5, 514E-11, 514E-11.1, 514E- , and rules adopted by the director regulating outside public contacts and booth locations or activities.

Your Committee is in agreement that this measure is an effective means of providing more effective tools for enforcement of time share industry abuses.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 852, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 852, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, 1 (Slom). Excused, 2 (Aki, Solomon).

SCRep. 409 Human Resources on S.B. No. 1239

The purpose of this bill is to provide that the Civil Rights Commission shall have no jurisdiction over complaints against labor organizations for breach of the duty of fair representation.

Your Committee received testimony in support of this bill from the Hawaii State AFL-CIO and the Hawaii Government Employees Association.

This bill is intended to limit the jurisdiction of the Civil Rights Commission so that disputes involving compliance with the duty of fair representation by labor organizations remain in the exclusive province of the Hawaii Labor Relations Board and the National Labor Relations Board.

Your Committee has amended this bill to specify that only duty of fair representation disputes relating to unlawful discriminatory practices in the operation of a union hiring hall are subject to regulation under chapter 378, Hawaii Revised Statutes, and by making a technical amendment.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1239, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1239, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 410 Human Resources on S.B. No. 1297

The purpose of this bill is to conform Hawaii law to the requirements of recently enacted federal law affecting public assistance benefits, which indirectly impacts unemployment insurance programs.

Your Committee received testimony in support of this bill from the Department of Labor and Industrial Relations (DLIR) and the Department of Human Services.

Your Committee has amended this bill on the recommendation of the DLIR by deleting the condition that the DLIR be reimbursed by the federal government for all costs incurred in furnishing the information obtained from any employing unit to a claimant, which is in violation of federal law. Your Committee has also made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1297, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1297, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 411 Human Resources on S.B. No. 1802

The purpose of this bill is to provide pay adjustments for various public officers and employees whose annual salaries are set specifically by legislation.

Your Committee received testimony in support of this bill from the Department of Labor and Industrial Relations, the Legislative Auditor, the Ombudsman, the Legislative Reference Bureau, and the Hawaii Government Employees Association.

Your Committee finds that the affected public officers and employees have not received any pay adjustment since January 1, 1990. In light of other pay adjustments which have been granted to other public officers and employees, an appropriate adjustments would be fair and equitable.

Your Committee has amended this bill by adding the Office of Collective Bargaining and the Stadium Authority for pay increases to be determined by the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1802, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1802, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 412 Education on S.B. No. 17

The purpose of this bill is to appropriate an unspecified sum to establish athletic trainer positions for each of the Department of Education established school complexes. The bill also requires athletic trainers that are assigned to school complexes with fewer than six schools to assist the complexes with more than ten schools, and have as a minimum qualification certification by the National Athletic Trainers Association.

Your Committee received testimony supporting this measure from the Athletic Directors from McKinley High School and Waipahu High School, and the Athletic Health Care Specialist from Konawaena High School. Testimony supporting this measure was received from the Department of Education with funding reservations. The Hawaii Athletic Trainers Association opposed this measure.

Your Committee finds that certified Athletic Health Care Specialists (AHCS) are recognized by the American Medical Association as allied health care professionals whose responsibility is to supervise the athletic training facility and to work closely with the athletic director, coaches, and other school health care personnel. AHCSs play an important role in ensuring the health and safety of student athletes during practices and games.

Your Committee further finds that currently, the AHCSs are barely able to keep up with the teams within each school. Priority has been given to coverage of high risk sports such as football, soccer, basketball, and track.

Your Committee notes that recently McKinley High School was sued by an injured student. No AHCS was present. That case was settled out of court for \$750,000. Kapaa High School currently has a suit pending.

Your Committee also notes that the collective bargaining laws of chapter 89, Hawaii Revised Statutes, apply to this measure.

Your Committee recommends staffing one Athletic Health Care Trainer in each high school.

Your Committee has amended this bill by:

- (1) Changing all references to Athletic Trainer to the Department of Education's title of Athletic Health Care Specialist;
- (2) Amending the purpose section to include providing twenty-five additional permanent full-time AHCSs; converting fifteen full-time temporary AHCS positions to full-time permanent status; providing thirty-eight full-time temporary AHCS positions; requiring that new AHCSs be certified by the National Athletic Trainers Association, Board of Certification; and including a discussion of the temporary pilot athletic trainer program enacted by Act 355, Session Laws of Hawaii 1993;
- (3) Including but renumbering appropriation sections three and four from Senate Bill No. 381 which provide twenty-five additional permanent full-time athletic health care specialist positions in the Department of Education;
- (4) Including but renumbering authorization sections two and three from Senate Bill No. 270 which convert fifteen full-time temporary athletic health care specialist positions to permanent status;
- (5) Including but renumbering appropriation section one from Senate Bill No. 745 which provides thirty-eight temporary full-time athletic health care specialist positions in the Department of Education; and
- (6) Making technical, nonsubstantive changes.

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

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Metcalf, Slom).

SCRep. 413 Education on S.B. No. 27

The purpose of this bill is to encourage alcohol and drug free graduation celebrations by appropriating matching funds for "Project Graduation" events.

Your Committee received favorable testimony from the City and County of Honolulu Police Department and the Department of Health which supported the bill, but expressed funding reservations.

Testimony indicated that Hawaii has one of the highest teen-age fatality rate in the nation. "Project Graduation" has been an effective program in reducing teen-age fatalities attributed to alcohol in the State. "Project Graduation" events are alcohol and drug free post-commencement celebrations which began in Maine and have spread nationwide. In 1994 twenty-six local public high schools and four private high schools were holding these celebrations.

Your Committee has amended this bill by inserting \$1 as the appropriation amount and making a technical, nonsubstantive change.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 27, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 27, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Metcalf, Slom).

SCRep. 414 (Joint) Education and Judiciary on S.B. No. 77

The purpose of this bill is to require the Department of Education and the Department of Public Safety to develop and conduct a program for the initial and ongoing training of school security attendants.

Additionally, the bill requires the Department of Education to hire ten special duty law enforcement officers and to develop criteria for determining school placement of these officers. The funds necessary for the training and hiring of the special duty law enforcement officers are appropriated from the criminal forfeiture fund.

Your Committees received testimony supporting this measure from the Hawaii State Teachers Association. The Department of Public Safety provided testimony supporting the measure with reservations.

Your Committees find that the health and safety of students, teachers, and staff in our public schools are important issues and the number one concern of many students. Proper training of school security attendants will be instrumental in ensuring a safe learning environment for students and staff, and will provide students the opportunity to fully concentrate on the learning process without health and safety concerns.

Your Committees have amended this bill by:

- (1) Removing the requirement that the Department of Education hire ten special duty law enforcement officers and develop criteria to determine school placement of these officers;
- (2) Substituting general revenues for the criminal forfeiture fund as the source of funding this training program;
- (3) Substituting the Department of Public Safety for the Department of the Attorney General as the expending agency; and
- (4) Making technical, nonsubstantive changes.

As affirmed by the records of votes of the members of your Committees on Education and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 77, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 77, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 5 (Bunda, Fernandes Salling, Ige, D., Ige, M., Anderson).

SCRep. 415 Education on S.B. No. 380

The purpose of this bill is to convert coaches' salaries from a stipend basis to a salary base with increases made in the same manner for collective bargaining increases for A+ site supervisors and drivers education instructors.

Your Committee received favorable testimony the Athletic Director at McKinley High School which indicated that coaches received their last pay increase in 1990, but that was less than what was needed to raise their salary to the 1985 average coaches' salary in comparable school districts nationwide. There is a need to fairly compensate coaches in order to attract good coaches and keep the ones the ones already in the State's school athletic programs.

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

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Metcalf, Slom).

SCRep. 416 Education on S.B. No. 439

The purpose of this bill is to appropriate funds to expand the Hawaiian Language Immersion Program of the Department of Education to encompass grades K-12.

Your Committee received testimony in support of the bill from the Office of Hawaiian Affairs, the Democratic Party of Hawaii, and a number of parents of students in the Hawaiian Language Immersion Program. The Department of Education supported the intent of the measure but was concerned over its ability to fully implement the project.

Your Committee finds that language is key to the existence and preservation of any group of people; for without language, the identity, culture, and traditions of a group of people would cease to exist. In this regard, the legislature recognizes the importance of providing educational opportunities that ensure the survival of the Hawaiian language through the Hawaiian language immersion program.

Aside from the English language, the Hawaiian language is the other official language of the State. Your Committee finds that the Hawaiian Language Immersion Program, Papahana Kaiapuni Hawaii, was first implemented as a pilot project within the Department of Education in September, 1987. Many people saw Papahana Kaiapuni Hawaii as a critical component to revive the teaching and learning of the Hawaiian language and to enhance the renaissance of the Hawaiian culture and history.

Your Committee recognizes that the significance of the Hawaiian language immersion program lies in the teaching of the Hawaiian language in Hawaiian. This program is regarded as a significant and necessary means to preserve, cultivate, and convey the Hawaiian language from one generation to the next.

In light of the Department of Education's testimony, your Committee would like the Department and the Office of Hawaiian Affairs to collaborate to create a plan of action to implement the expansion of this project.

Your Committee has amended the bill by inserting \$1 as the amount appropriated for the 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 S.B. No. 439, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 439, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Metcalf, Slom).

SCRep. 417 (Majority) Education on S.B. No. 1056

The purpose of this bill is to establish a three-year school-based violence prevention integration pilot project to implement integrated school-based violence prevention programs in five selected public schools.

More specifically the pilot project will involve:

- (1) Support roles for the Superintendent of Education, the Board of Education, the Dean of the College of Education, and the University of Hawaii Board of Regents;
- (2) Minimum requirements for participation in the school-based violence prevention integration pilot project;
- (3) Establishment of a school-based violence prevention plan trust fund as a separate fund of the Awareness Foundation, a Hawaii nonprofit corporation;
- (4) Establishment of a violence prevention advisory council to advise the trust fund; and

- (6) Establishment of a violence prevention coordination program within the Department of the Attorney General.

Your Committee received testimony supporting this measure from the Hawaii State Commission on the Status of Women, the Hawaii Catholic Conference, Child and Family Service, the University of Hawaii, the Sex Abuse Treatment Center, the Hawaii State PTSA, the Newman Center Holy Spirit Parish, the Domestic Violence Clearinghouse, the Keiki Injury Prevention Coalition, the Department of Health, and two concerned citizens. The Department of Education provided testimony supporting the intent of the bill but deferred to the Department of the Attorney General. The Department of the Attorney General provided testimony supporting the goals of this bill but opposing its passage.

Your Committee finds that twenty percent of the women age eighteen to sixty-four have been victims of domestic violence, and in seventy percent of homes where a spouse is abused, children are also abused. Violence is a learned behavior. Children who witness or experience violence are at greater risk for violent behavior as adults. The most effective approach to preventing violence is primary prevention targeting children. Early and comprehensive violence prevention programs have the greatest likelihood of realizing long term and lasting changes.

Your Committee notes that all government agencies need to work together to make this program a reality.

Your Committee has amended this bill by:

- (1) Removing all named private organizations;
- (2) Deleting "Foundation" from the definition section;
- (3) Substituting the words "nonprofit corporation" for "Awareness Foundation";
- (4) Requiring that the nonprofit corporation expend moneys from the trust fund through a contract with the Department of the Attorney General;
- (5) Substituting the "Department of the Attorney General" for the "Awareness Foundation" as the expending agency for the appropriation; and
- (6) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1056, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1056, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, 1 (Ige, M.). Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 418 Economic Development on S.B. No. 1210

The purpose of this bill is to require the Department of Land and Natural Resources (DLNR) to establish game management areas, wildlife sanctuaries, and public hunting areas.

Your Committee received testimony in support of this measure from DLNR, the Hawaii Rifle Association, and Hawaii Citizens' Rights.

Your Committee finds that under current law, DLNR has the discretion to establish, maintain, manage and operate game management areas, wildlife sanctuaries, and public hunting areas on land under its control.

DLNR has indicated its support of this measure because these are duties and responsibilities that it currently carries out and will continue to carry out within the context of other departmental mandates and state and federal laws.

DLNR has indicated, for example, that it has projects and programs to manage game, including enforcement of hunting laws and regulations, enhancement of game populations and habitat in appropriate areas, development of hunter access, and survey of game resources. The Department has also designated areas that are and will continue to be managed for sustained or managed yield hunting.

At the same time, DLNR also has the legal mandate to manage and protect native resources and there are currently areas where this is the primary management focus.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1210 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 3 (Bunda, Chumbley, Matsunaga).

SCRep. 419 Economic Development on S.B. No. 1251

The purpose of this bill is to clarify current law relating to agricultural loans made on unsurveyed lands.

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

Your Committee finds that current law provides that no loans shall be made on unsurveyed lands. While the language appears to pertain to all agricultural loans, the Department of Agriculture has indicated that its objective of promoting agricultural development by stimulating, facilitating, and granting loans to qualified farmers and new farmers would be severely limited under such a reading.

This measure limits the restriction to loans under the Class "A" category (farm ownership and improvement), since it is in the State's best interest to ensure that these loans in particular are secured by properties with mortgageable/transferable titles. This clarification will allow the Department of Agriculture the flexibility of considering other classes of loans to farmers who utilize unsurveyed land for farm production purposes.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1251 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Bunda, Chumbley, Matsunaga).

SCRep. 420 Economic Development on S.B. No. 1255

The purpose of this bill is to authorize the Department of Agriculture to accept collateral to secure the repayment of delinquent accounts and to foreclose on the collateral in the event of default.

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

Your Committee finds that the Department of Agriculture has indicated an increase in recent years in both the number and amounts of delinquent water tolls, acreage assessments, and other related irrigation project accounts.

In the course of aggressively pursuing its collections, the Department has explored an installment payment plan over a set period of time, but has indicated that to successfully implement the plan, it needs the ability to accept collateral and foreclose on that collateral in the event of default.

Your Committee has amended this measure by making several technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1255, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1255, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Bunda, Chumbley, Matsunaga).

SCRep. 421 Economic Development on S.B. No. 1414

The purpose of this bill is to appropriate funds to the Department of Agriculture for various agricultural research and development projects.

Your Committee received testimony in support of this measure from the Department of Agriculture, the College of Tropical Agriculture and Human Resources, University of Hawaii, the Big Island Farm Bureau, Kauai Nursery and Landscaping, Inc., Mokuleia Landscape and Nursery Co., the Melastome Action Committee of the Maui Tri-Isle Resource, Conservation and Development Council, the Hawaii Macadamia Nut Association, the Hawaii Farm Bureau, and several private landscape contractors.

Your Committee finds that continued state support of high-priority agricultural research and development projects is vital to preserving the competitive advantage of Hawaii's growing diversified agricultural industry and to conserving the State's beautiful, yet fragile environment.

This measure will help to ensure that the State moves forward in its quest for agricultural diversification, new plant technology, and continued safety and stability with respect to existing product lines.

Your Committee has amended this measure by appropriating an additional \$86,000 in each of the fiscal years covered for research for the development of control agents for melastome plant pests, and \$40,000 in each of the fiscal years covered for research for macadamia nuts.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1414, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1414, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Bunda, Chumbley, Matsunaga).

SCRep. 422 (Joint) Economic Development and Water, Land, and Hawaiian Affairs on S.B. No. 1431

The purpose of this bill is to designate the Hawaii Community Development Authority the local redevelopment authority for the redevelopment of real and personal property at the Barbers Point Naval Air Station that has been declared surplus as a result of the federal base realignment and closure process. This bill also designates a new community development district called Kalaeloa for the lands conveyed to the State by the Navy.

Your Committees received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, the Department of Transportation, and the Hawaii Community Development Authority. Testimony in opposition of this bill was submitted by the City and County of Honolulu, Pacific Resource Partnership, and several private citizens.

Your Committees find by way of brief background that the 1993 Federal Base Realignment and Closure (BRAC) Commission identified Barbers Point Naval Air Station (BPNAS) for closure, and the Navy has identified 2,146 acres of land and several buildings to be surplus to its needs after closure.

In September of 1993, the Governor and Mayor of the City and County of Honolulu jointly established the BPNAS Reuse Committee to prepare for the closure of BPNAS and maximize the benefits that would accrue to the State from these surplus lands.

On December 2, 1994, the Governor signed Executive Order 94-08 formalizing the activities of the Reuse Committee and redesignating it as the BPNAS Redevelopment Commission. The Commission was established as a planning activity to advise the Governor on the reuse of BPNAS.

On October 8, 1996, the Commission formally adopted a reuse plan and authorized its transmittal to the Governor. The recommended reuse plan included the following elements:

- (1) An airport with facilities to accommodate civil aviation, serve as an alternative landing site for commercial aircraft in transit to Honolulu International Airport, and to meet the operational needs of the National Guard and Coast Guard, and Civil Defense requirements in the event of a natural disaster;
- (2) Areas in the northwestern quadrant totaling 50 and 15 acres designated for construction of new homeless housing and a low-income housing structure, respectively;
- (3) 496 acres for use by the Department of Hawaiian Homelands;
- (4) 701 acres designated for parks and recreation to meet the needs of the growing population of the "Second City" of Kapolei; and
- (5) 279 acres to support certain proposed economic development projects.

The Hawaii Housing Authority is currently completing the required Homeless Assistance Application which will be transmitted to the Navy on February 15, 1997, along with the reuse plan approved by the Governor. It is envisioned that the federal government will convey all surplus lands to the designated authority following completion of an environmental impact statement on the proposed uses, acceptance of the reuse plan, and completion of an environmental clean-up. Indications are that this final approval stage may take up to one year or longer to complete.

Your Committees note that the Hawaii Community Development Authority indicated in its testimony that it is uniquely qualified and capable to undertake the role of local redevelopment authority and to implement the reuse plan. According to its testimony, the Authority has over fifteen years of experience in the preparation and implementation of redevelopment plans for the Kakaako community development district, which has included facilitation of development projects, and development and financing of infrastructure systems and affordable housing.

Your Committees further note, however, that concerns were raised that the structure of the Hawaii Community Development Authority does not and would not allow for adequate city and community input in implementing the reuse plan.

In light of the considerable time and resources already spent by a broad array of interested parties on this process, your Committees find that it is essential in ultimately implementing the reuse plan to directly involve, to the extent feasible, all of the various community interests. State and city agencies should also be encouraged to cooperate in this process, which promises benefits to all residents of the State.

Your Committees therefore have amended this measure by:

- (1) Deleting all references to the Hawaii Community Development Authority and all statutory amendments expanding its authority;
- (2) Providing that lands designated in the reuse plan for the airport, for reparations to the Department of Hawaiian Homelands, and for homeless programs under the Hawaii Housing Authority shall be excluded from the Kalaeloa Community Development District, and instead conveyed to the applicable state agencies; and by requiring the Governor and the Mayor of the City and County of Honolulu to designate, by July 1, 1997, the local redevelopment authority to implement the approved reuse plan with respect to the remainder of land, and to reduce their agreement to a written memorandum of understanding;
- (3) Creating a new chapter in the Hawaii Revised Statutes establishing the Kalaeloa Community Development District, revised as specified above, and the local redevelopment authority, attached for administrative purposes to the Department of Business, Economic Development, and Tourism;
- (4) Reducing the appropriation amounts from \$250,000 to \$0 for each of the fiscal years covered, requiring the appropriations to be matched by the City and County of Honolulu, and changing the expending agency to the Department of Business, Economic Development, and Tourism; and
- (5) Making several conforming changes and other technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Economic Development and Water, Land, and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1431, as

amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1431, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 423 Economic Development on S.B. No. 1611

The purpose of this bill is to clarify that an assignee to an agricultural lease on state trust land must first qualify as a bona fide farmer before accepting the lease.

Your Committee received testimony in support of this measure from the Department of Agriculture, the Department of Land and Natural Resources, and the Hawaii Farm Bureau.

Your Committee finds that, due to ambiguities in current law, a number of non-farmers in recent years may have received assignments of agricultural leases on state trust lands.

By clarifying that assignees must be bona fide farmers, this measure allows the Department of Land and Natural Resources to ensure that state trust lands dedicated to agriculture are actually used in agricultural pursuits.

Your Committee has amended this measure by changing an incorrect statutory reference relating to the qualifications of bona fide farmers, and by correcting another technical drafting error.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1611, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1611, S.D. 1, and be referred to the Committee on Water, Land, and Hawaiian Affairs.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Bunda, Chumbley, Matsunaga).

SCRep. 424 Health and Environment on S.B. No. 167

The purpose of this bill is to establish a tax return checkoff for taxpayers with tax liability over an unspecified amount, for the purpose of designating a portion of their tax payment to go into the environmental response revolving fund for environmental protection and conservation programs.

Your Committee heard testimony critical of the consequences of this bill submitted by the Tax Foundation of Hawaii. Testimony against this bill was submitted by the Director of Taxation and Hawaii Island Contractors' Association.

Your Committee believes that a voluntary funding mechanism for the State's endangered species programs would be beneficial to the State, but has amended this bill to remove the provision that allows a taxpayer to designate an amount from the taxpayer's liability. Your Committee also amended the bill to replace the environment response revolving fund with the Department of Land and Natural Resources as the designee to receive the funds for its endangered species programs.

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

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 425 (Joint) Health and Environment and Human Resources on S.B. No. 491

The purpose of this bill is to appropriate \$7,100,000 and \$9,300,000 in fiscal years 1997-1998 and 1998-1999, respectively, for the State's share of matching federal Title XIX Medicaid funds for individuals with developmental disabilities.

Your Committees heard testimony in favor of this bill submitted by State Planning Council on Developmental Disabilities (DD Council), Protection and Advocacy Agency of Hawaii, The ARC in Hawaii, Opportunities for the Retarded, Inc., Goodwill Industries of Honolulu, Inc., and three concerned citizens. The Directors of Health and Human Services submitted testimony supporting the intent of this bill with funding reservations. Testimony opposing this bill was submitted by the Director of Budget and Finance.

The DD Council recommended amendments to this bill for clarification and to correct the numbers and amounts in the bill to correspond to the best available current data.

Your Committees amended this bill to incorporate the changes to appropriations and numbers of individuals to be served requested by the DD Council.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 491, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 491, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 6. Noes, none. Excused, 4 (Fukunaga, Sakamoto, Tam, Anderson).

SCRep. 426 (Joint/Majority) Health and Environment and Human Resources on S.B. No. 496

The purpose of this bill is to appropriate funds to make wrap-around payments to Hawaii Qualified Health Centers (HQHC) for providing services to QUEST patients at less than cost.

Your Committees received testimony in support of this bill from the Hawaii State Primary Care Association, Waianae Coast Comprehensive Health Center, Hamakua Health Center, Community Clinic of Maui, Kalihi-Palama Health Center, and Hawaii Nurses' Association. The Department of Human Services submitted testimony in opposition to this bill for budgetary reasons.

Your Committees find that HQHCs offer extensive, necessary medical services to QUEST patients and can continue to do so if they receive more payments from the State.

Your Committees have amended this bill on the recommendation of the Hawaii State Primary Care Association to add that the amount of the wrap-around payment shall be the difference between the capitation fee and fee for service payments and the payment an HQHC would be entitled to receive under federal reimbursement under the Social Security Act. In addition, the appropriation was reduced to \$1.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 496, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 496, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 5. Noes, 1 (Slom). Excused, 4 (Fukunaga, Sakamoto, Tam, Anderson).

SCRep. 427 Health and Environment on S.B. No. 1420

The purpose of this bill is to continue to allow the departments of education, health, and human services to pay for expenses associated with the revenue maximization project and exclude the Hawaii Health Systems Corporation from the requirement of transferring maximized revenues to the interagency federal revenue maximization revolving fund. The bill also appropriates \$425,000 to the department of education, and \$200,000 each to the departments of health and human services, for those expenses.

Your Committee heard testimony in favor of this bill submitted by the Department of Accounting and General Services, Director of Human Services, Superintendent of Education, State Planning Council on Developmental Disabilities (SPCDD), and Hawaii Health Systems Corporation. The SPCDD recommended that the appropriation to the Department of Health be increased to \$2,000,000.

Your Committee adopted the SPCDD's recommendation and decided to similarly increase the appropriation to the Department of Human Services. Your Committee amended this bill to:

- (1) Increase the appropriations to the Departments of Health and Human Services to \$2,000,000;
- (2) Provide departments a greater incentive to increase federal revenue reimbursements by allowing them to retain a portion of the funds to improve program services; and
- (3) Make technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1420, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1420, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 428 Health and Environment on S.B. No. 1559

The purpose of this bill is to establish a state accreditation program for lead abatement specialists trained to conduct inspections and risk assessments for lead, develop lead hazard screens, and design, supervise, and work at lead abatement projects in dwellings, child occupied facilities, and possibly public and commercial buildings at a later date.

Your Committee heard testimony in favor of this bill submitted by the Director of Health and the United States Environmental Protection Agency. Testimony recommending an amendment to this bill was submitted by the Hawaii Chapter of the Sierra Club. The Director of Information Practices submitted testimony requesting clarification and amendment of various matters regarding this bill. The National Conference of State Legislatures submitted testimony providing information regarding the cost benefit analysis of lead abatement training and certification and the status of various similar legislation in the United States.

Your Committee amended this bill by:

- (1) Adding the definition of "Department";
- (2) Noting the establishment of the lead abatement program within the Department of Health;
- (3) Providing for the deposit of fines and penalties into the Environmental Response Revolving Fund;
- (4) Clarifying section -5 of the new chapter by specifying that no confidential business information would be disclosed; and
- (5) Making technical, nonsubstantive changes for purposes of clarity, grammar, and drafting style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1559, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1559, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 429 Health and Environment on S.B. No. 1567

The purpose of this bill is to establish exempt positions for current hospital administrators and assistant administrators and convert existing medical directors and directors of nursing into exempt positions.

Your Committee heard testimony in favor of this bill submitted by the Hawaii Health Systems Corporation and Healthcare Association of Hawaii. Testimony against this bill was submitted by the Hawaii Government Employees Association with a recommendation that the conversion of existing medical directors and directors of nursing to exempt positions be deleted.

Your Committee incorporated the recommendation by the Hawaii Government Employees Association and amended this bill to allow hospital administrators and assistant administrators appointed prior to July 1, 1983, to stay within the civil service system, if they so choose, and making technical, nonsubstantive changes for purposes of clarity and drafting style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1567, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1567, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 430 Health and Environment on S.B. No. 1572

The purpose of this bill is to make certain programs of the Department of Health more self-sustaining with regard to funding.

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

Your Committee finds that the bill establishes two special funds, the Spouse and Child Abuse Special Fund, and the vital Statistics Improvement Special Fund, to be administered by the Department of Health. The bill also establishes a fee schedule for certified copies of vital statistics issued by the Department of Health.

Your Committee believes that the creation of the two special funds and the fee schedule ensures that those programs are supplied with a reliable source of funding for their activities.

Your Committee has amended the bill by making numerous technical, nonsubstantive amendments to correct drafting errors.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1572, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1572, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 431 Health and Environment on S.B. No. 1583

The purpose of this bill is to make an emergency appropriation of \$21,000,000 to the Hawaii Health Systems Corporation to prevent a reduction or discontinuance of services within the community hospital system.

Your Committee heard testimony in favor of this bill submitted by Hawaii Health Systems Corporation, Healthcare Association of Hawaii, and the Hawaii Government Employees Association.

Your Committee amended this bill by inserting clarifying language stressing that the appropriation is intended as a one-time emergency funding vehicle for fiscal year 1996-1997 only and leaving the appropriation amount blank to provide the Committee on Ways and Means sufficient flexibility to determine an appropriate amount.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1583, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1583, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 432 Ways and Means on S.B. No. 208

The purpose of this bill is to provide an income tax credit for investment in the State by computer software companies. It also expands the general excise tax exemption for certain computer software by updating the definition and including sales within the State.

Your Committee received testimony in support of this measure from the High Technology Development Corporation and Dimensia, Inc. The Department of Taxation and the Tax Foundation of Hawaii submitted testimony, but did not take a position on this bill.

Your Committee finds that the State must continue to expand and diversify its economic base. While Hawaii may have insurmountable barriers to support many new product industries, the barriers may be less for certain high-technology and information-based industries like the computer software industry, which is globally recognized as a highly desirable, environmentally-sound growth industry.

Even so, local software companies still must face the high cost of doing business in the State, which adds to the cost of their products and places them at a disadvantage vis a vis their mainland and international competitors. Over the past several years, the State has attempted to lessen the burden on these companies by exempting the shipment and sale of certain computer software out-of-state from the general excise tax, but most agree that this has had little effect on encouraging growth in this sector and keeping local high-technology firms from relocating to the mainland.

Your Committee finds, however, that while this measure would provide a five-year reinvestment income tax credit for computer software companies, it does so regardless of whether a particular computer software business actually needs the assistance. This may not be prudent or equitable tax policy under the current economic circumstances, since from an overall perspective, the Department of Taxation projects annual revenue loss from the proposed tax credit of up to \$3.2 million, and since there are other small businesses in other industries in the State that are just as worthy of preferential tax treatment.

Your Committee believes that rather than granting a preferential tax treatment to a select group of taxpayers, even when that group has the potential for high growth in the State, we need more fundamentally to address the overall business tax climate and find ways to improve that climate for everyone.

Your Committee has therefore amended this measure by deleting the reinvestment tax credit for computer software companies, by adding a five year repeal provision to section 237-29.6, Hawaii Revised Statutes, in keeping with recommendations of the Tax Review Commission regarding exemptions, and by making several conforming changes and other technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 208, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 208, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Levin, Tam).

SCRep. 433 Ways and Means on S.B. No. 941

The purpose of this bill is to propose amendments to Article VII of the Hawaii Constitution, including sections 5, 6, 7, 9, and 11, to establish a budget stabilization ("rainy day") fund.

Your Committee received testimony in opposition to this measure from the Department of Budget and Finance. The Tax Foundation of Hawaii submitted testimony for informational purposes.

Your Committee finds that the establishment of a state "rainy day" fund merits serious consideration at the present time, especially given the State's current fiscal problems and static short-term economic projections. Ensuring the availability of a temporary supplemental source of funding during times of emergency, economic downturn, or unforeseen reductions in revenues, would be of great benefit to all of the citizens of this State. The creation and implementation of the fund, however, must be done in a careful manner that does not inadvertently create more problems than it is intended to solve.

Persons testifying on this measure have indicated that it may have serious problems. For example, it has been pointed out that this bill would in effect give the Council on Revenues the authority to set a limit on appropriations. Currently, the Council's revenue estimates serve as a guideline which the Governor and the Legislature can either accept or reject.

In addition, by tying the appropriation cap to 95% of a revenue estimate, this bill may result in a revenue-driven fiscal policy where public expenditures will rise and fall with projected revenue collections and with cyclical movements of the economy. This policy may create instability and compound current economic difficulties.

The placement of the stabilization fund outside of the normal expenditure controls to which other public funds are subjected, such as the lapsing provisions and the expenditure ceiling amount, is also of great concern to your Committee.

Your Committee has amended this measure by deleting its contents and substituting a proposed constitutional amendment that would establish a budget stabilization fund keyed to revenues actually accrued to the general fund.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 941, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 941, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Iwase, Tam, Tanaka, Anderson).

SCRep. 434 Ways and Means on S.B. No. 1316

The purpose of this short form bill is to conform the state income tax law to the Federal Internal Revenue Code.

Your Committee has amended the bill to set forth the particular amendments necessary to chapter 235, the income tax statute, to conform state law with the Internal Revenue Code.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the action to report out S.B. No. 1316, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1316, S.D. 1, and be recommitted to the Committee on Ways and Means for further consideration.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Tam, Tanaka).

SCRep. 435 Human Resources on S.B. No. 1146

The purpose of this bill is require the State to negotiate as required by law with the applicable bargaining unit if an indebtedness has occurred as a result of a salary or wage overpayment to an employee, which subjects the wage overpayment to collective bargaining procedures.

Your Committee received testimony in support of this bill from the United Public Workers and the Hawaii State Teachers Association. Testimony opposing this bill was received from the Attorney General, the Department of Human Resources Development, and the Department of Accounting and General Services.

Your Committee believes that the matter of overpayment of salaries and wages should properly be a matter to be negotiated between the employer and employee as any other wage issue.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1146 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 436 Commerce, Consumer Protection, and Information Technology on S.B. No. 1626

The purpose of this bill is to transfer the regulation of notaries public from the Department of the Attorney General to the Department of Commerce and Consumer Affairs.

Your Committee received testimony in support of this measure from the Department of the Attorney General and the Judiciary. A private citizen submitted testimony in opposition to several sections of the bill.

Your Committee heard testimony from the Department of the Attorney General stating that, after consulting with the Department of Commerce and Consumer Affairs, the Attorney General will continue to administer the program, and recommends further amendments to the bill to create a notary public special fund for the deposit of notary fees and charges to be administered by the Department of the Attorney General and to be used for personnel costs, and equipment, operating, and administrative costs of the notary public program.

Your Committee finds that the Judiciary concurs with the amendments offered by the Department of the Attorney General.

Your Committee supports the amendments proposed by the Department of the Attorney General to house all aspects of notary public regulation in the Department and to create a notary public special fund, and has amended the bill accordingly.

Although fees for issuance or renewal of a commission have not increased since the 1970s, your Committee could not support the requested 143% increase. Proponents of the measure had no rationale for the amount of the increase. As no budgetary justification for the increase was presented, your Committee passed the amended bill without a specific dollar amount.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1626, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1626, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 437 Health and Environment on S.B. No. 553

This bill, in its original form, was a short form bill relating to health.

Your Committee has amended this bill by adding its entire contents consisting of language to authorize the issuance of general obligation bonds in the amount of \$44,484,000 for fiscal years 1997-1998 and 1998-1999 for capital improvement projects for nine hospitals in the Hawaii Health Systems Corporation.

Specifically, the amended bill authorizes \$17,099,000 in fiscal year 1997-1998 and \$27,385,000 in fiscal year 1998-1999 for a total of forty-five capital improvement projects as follows: four projects for Kona Community Hospital, ten projects for Maluhia Hospital, thirteen projects for Hilo Medical Center, five projects for Kauai Veterans Memorial Hospital, four projects for Lanai Community Hospital, two projects for Kau Hospital, one project for Kohala Hospital, four projects for Leahi Hospital, and two projects for Samuel Mahelona Memorial Hospital.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the action to report out S.B. No. 553, as amended herein, and recommends that it pass Second

Reading in the form attached hereto as S.B. No. 553, S.D. 1, and be recommitted to the Committee on Health and Environment for further consideration.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 438 Judiciary on S.B. No. 201

The purpose of this bill is to allow the court to specify by rule the required number of jurors, while providing certain stipulations for civil cases and requiring twelve jurors for serious criminal cases.

Your Committee finds that the increase in the number of jury trials requested by parties has increased the costs to the courts because of the need to impanel a jury of twelve for all actions. Your Committee further finds that this measure could have a positive fiscal impact by allowing smaller juries to be impaneled, thus reducing the amounts expended for jurors fees.

Testimony was submitted from the Judiciary expressing reservations about the measure and requesting an amendment to clarify that juries shall only be required where a defendant is entitled to a jury trial.

Upon further consideration, your Committee has amended this measure by clarifying that jury trials of six persons are required in all other cases when a defendant is entitled to a jury trial.

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 S.B. No. 201, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 201, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 439 (Joint) Judiciary and Education on S.B. No. 339

The purpose of the bill is to create a pilot teen court program to divert first time offenders from the formal criminal justice system, and to prevent recidivism.

Your Committee finds that the Teen Court Program serves as a valuable tool in lowering the recidivism rate for first time juvenile offenders. Your Committee further finds that this diversionary program benefits the criminal justice system by ensuring swift consequences for truancy and misdemeanors, and, thereby reducing Family Court caseloads.

Testimony in support of the bill was received by the Hawaii State Teachers Association, the Office of Youth Services, the Department of Education, the Honolulu Police Department, the Public Defender's Office, and members of the community who have participated in the Program. Supporters testified that the Hilo Teen Court Program has been extremely successful in reducing recidivism rates in part because young persons are held accountable by their own peers. No testimony in opposition to the bill was submitted.

As affirmed by the records of votes of the members of your Committees on Judiciary and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 339 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 4 (Bunda, Fernandes Salling, Ige, D., Anderson).

SCRep. 440 Judiciary on S.B. No. 706

The purpose of this bill is to add five associate judges to the intermediate court of appeals.

Your Committee finds that the intermediate court of appeals has experienced a three-fold increase in civil and criminal appeals filed in the past five years. Your Committee further finds that this increase has resulted in the courts being forced to summarily dispose of cases. Your Committee believes that without some expansion in the composition of the court, the court will be forced to continue to use summary disposition of cases, essentially thwarting the judicial review process.

Testimony in support of this measure was submitted by the Judiciary, the Hawaii State Bar Association, and a private attorney representing appellants awaiting a decision from the Hawaii Supreme Court.

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 S.B. No. 706 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 441 Judiciary on S.B. No. 708

The purpose of this bill is to allow the tax appeal court to establish by rule fees and costs related to filing an appeal.

Your Committee finds that other courts of jurisdiction have the authority to establish by rule various fees and costs related to filing cases with the courts. Your Committee further finds that this is a revenue generating mechanism that will assist the court to be self-sustaining in the administration of their program.

Testimony in support of this measure was received from the Judiciary.

Your Committee has made technical non-substantive 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 S.B. No. 708, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 708, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 442 Judiciary on S.B. No. 715

The purpose of this bill, as received by your Committee, is to allow the courts to impose an interest penalty at the rate of ten percent per annum on all outstanding traffic infractions and judgements.

Your Committee finds that uncollected fines on outstanding traffic infractions and judgements represents lost revenues to the State. Your Committee further finds that it is appropriate for the State to impose a penalty as an incentive for timely payment of these fines.

Testimony in support of this measure was submitted by the Judiciary.

Upon further consideration, your Committee has amended this measure by deleting the ten percent penalty provision and allowing the courts to establish by rule a penalty system using a graduated scale that increases penalties in proportion to the length of the delinquency.

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 S.B. No. 715, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 715, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (McCartney).

SCRep. 443 Judiciary on S.B. No. 717

The purpose of this bill is to establish a special fund to support parent education programs in the family courts for separating parents.

Your Committee finds that the family courts' "Kids First" programs are aimed at providing education to separating parents about the impacts of their separation upon their children. Presently, the programs are serving over 6,000 families every year, with over ninety percent of parent participants in agreement that the program should be mandatory for divorcing parents. Your Committee further finds that the "Kids First" programs have been staffed over the years primarily by volunteers, including family court judges, attorneys, and mental health professionals. With growing recognition of the success of these programs, demands for the programs have expanded to the degree that additional resources must be generated to pay for development and production of materials, training and coordination of the volunteers, and scheduling of program participants.

Testimony in support of this measure was submitted by the Judiciary and the Divorce Education Steering Committee. Testimony in opposition to the creation of the special fund was submitted by the Department of Budget and Finance.

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

- (1) Authorizing the courts to collect the \$25 surcharge from each party named in the filing;
- (2) Establishing the parent education special fund to be administered by the Judiciary;
- (3) Authorizing expenditures from the special fund by the Judiciary for existing or enhanced parent education programs;
- (4) Changing the effective date to upon approval, with the appropriation section effective July 1, 1997; and
- (5) Making technical non-substantive changes for the 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 S.B. No. 717, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 717, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 444 Judiciary on S.B. No. 720

The purpose of this bill is to allow the administrative director of the courts to assess fees approved by the supreme court for the costs of processing requests for an administrative hearing.

Your Committee finds that the administrative director of the courts is authorized to set fees pursuant to approval by the supreme court for other programs. Your Committee further finds that this measure provides a revenue generating mechanism that will assist the courts in supporting the costs of the program.

Testimony in support of this measure was submitted by the Judiciary, and testimony in opposition was submitted by the Hawaii Association of Criminal Defense Lawyers.

Upon further consideration, your Committee has amended this measure by clarifying that the administrative director shall assess reasonable fees for the costs of processing the requests.

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 S.B. No. 720, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 720, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (McCartney).

SCRep. 445 Judiciary on S.B. No. 721

Your Committee finds that the Judiciary's biennium budget consists of the Judiciary's most pressing needs, including the continuation of the Drug Court Program and the enhancement of Family Court programs to address child abuse, neglect, and paternity issues related to child support. Your Committee further finds the continued deterioration of court facilities to be an ongoing concern as well as the lack of adequate security personnel to ensure the safety of its employees and the public.

Your Committee acknowledges the Judiciary's efforts to submit a budget that is fiscally conservative and consistent with promoting a more efficient and effective court system. Further, your Committee is passing this bill unamended with the understanding that future discussion among the Judiciary committee members will take place in establishing the Committee's budget priorities. These priorities will be transmitted at a later date to the Ways and Means Committee.

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 S.B. No. 721 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 446 Judiciary on S.B. No. 1260

The purpose of this bill is to provide for payment of claims against the State for refunds of taxes, judgments and settlements, and other miscellaneous payments provided by statute.

Your Committee finds the identified payments to be authorized and appropriate. Testimony in support of the measure was received from the Attorney General who also identified nine additional settlements and an arbitration award for proposed inclusion in the bill.

Consequently, your Committee has amended the bill to:

- (1) incorporate the additional settlements and arbitration award identified by the Attorney General; and
- (2) delete references to "refund of taxes" because there were none included in 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 S.B. No. 1260 S.D. 1, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 447 Judiciary on S.B. No. 1265

The purpose of this bill is to provide for an expiration date for state-issued identification cards, nullify all existing identification cards that were issued without expiration dates, and appropriate funds for an updated photo identification system.

Your Committee finds that Hawaii is one of the few states that does not provide for an expiration date on state-issued identification cards. Your Committee further finds that an expiration date would assist in ensuring the continued validity and accuracy of the card and corresponding state records.

Testimony in support of this bill was received from the Attorney General and members of the public. Testimony in opposition was submitted by a private citizen.

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

- (1) reducing the period of expiration from ten to six years;
- (2) clarifying that expiration dates are to correspond with Immigration and Naturalization Service departure cards for "a person who is not a citizen of the United States" and classified as "a legal nonimmigrant", i.e. a tourist or other nonpermanent status; and
- (3) making technical, nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1265, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1265, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 448 Judiciary on S.B. No. 1269

The purpose of the bill is to establish the Hawaii State Clearinghouse and the Clearinghouse Trust Fund as a permanent program to address the problem of missing and exploited children.

Your Committee finds that this pilot program has been vital to the health and safety of Hawaii's youth, and represents Hawaii's strong public policy of supporting the family unit. Your Committee further finds that a legislative mandate and public funding to support this public/private partnership are essential to the program's survival.

Testimony in support of this bill was received from representatives of both the public and private sectors, including the Attorney General's office, HGEA-AFSCME, the Hawaii State Commission on the Status of Women, the National Center for Missing and Exploited Children, and private citizens. The testimony reflected the success of the pilot project, indicating that during the period of January 1995 to October 1996, the Clearinghouse assisted in the recovery of more than 150 children. Additional testimony indicated that the operation of the Clearinghouse also resulted in the development of an ongoing cooperative relationship between law enforcement and the various advocacy groups. There was no testimony submitted to the committee in opposition to this measure.

Your Committee has made technical, nonsubstantive amendments for the 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 S.B. No. 1269, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1269, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (McCartney).

SCRep. 449 Judiciary on S.B. No. 1270

The purpose of this bill is to permit the Attorney General to collect fees from state agencies for the collection of moneys due to the State, and to authorize the establishment of a special fund into which such fees would be deposited.

Your Committee finds that the collections unit within the Attorney General's office was established in 1987 and has been pursuing collection of delinquent accounts for the various state agencies. In 1996, the collections unit recovered over \$3.3 million in delinquent amounts owed to the State. Your Committee agrees that providing authority to the Attorney General to collect fees from state agencies for the pursuit of delinquent accounts will improve collection efforts by providing an additional source of funding for the collections unit.

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

Your Committee has made technical, nonsubstantive amendments for the 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 S.B. No. 1270, as amended, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1270, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 450 Judiciary on S.B. No. 1287

The purpose of this bill is to authorize state agencies to indemnify, defend, and hold harmless United States agencies when necessary to receive federal funds.

Your Committee finds that this measure conditions the proposed indemnification authority by requiring an express federal condition, approval by the governor, and sufficient insurance to cover the State's liability. Your Committee believes that these safeguards are sufficient to ensure that the State is not unreasonably exposed by the commitments of indemnification.

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

Your Committee has made technical, nonsubstantive amendments to 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 S.B. No. 1287, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1287, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 451 (Joint) Human Resources and Government Operations and Housing on S.B. No. 406

The purpose of this bill is to develop a comprehensive workforce plan which will position Hawaii for the expected federal workforce block grants and implement state policies for economic and workforce strategies through the inclusion of local entities in coordination with stakeholders at all levels of government.

Your Committees received testimony in support of the bill from the Democratic Party of Hawaii.

Your Committees find that the State's current fiscal outlook is dim, with declining revenues and increasing budgetary outlays. Fiscal resources must be conserved to remedy the budget shortfall especially in view of the continued reduction in federal assistance to the states. Your Committees also find that the United States General Accounting Office has identified nearly one hundred federally-funded workforce related programs and services in the states, and that past and present workforce development reports and analyses indicate that system-building strategies involving public/private collaborative partnerships tend to be more effective.

Your Committees believe that a system-wide reorganization of publicly-funded workforce-related programs and services through a collaborative workforce development plan would be advantageous and should continue to be the State's policy for the future, to enable the State to emerge from the fiscal crisis and to adequately address human services funding needs.

Your Committees have amended the bill by:

- (1) Deleting the reference that states that the bill was introduced in response to a resolution adopted by the Democratic Party of Hawaii at its 1996 convention; and
- (2) Deleting the reference that stated the objectives and policies for the economy, with regard to workforce development, shall occur only in times of budget shortfalls.

Your Committees believe that with regard to the second amendment, the language as received by your Committees led to some ambiguity in interpretation. The amendment made by your Committees clarifies that the intent of the legislation is to consistently plan for workforce development throughout all economic conditions.

As affirmed by the records of votes of the members of your Committees on Human Resources and Government Operations and Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 406, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 406, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 3 (Fukunaga, Matsunaga, Sakamoto).

SCRep. 452 Human Resources on S.B. No. 729

The purpose of this bill is to allow the Hawaii Public Employees Health Fund (HPEHF) to retain all insurance rate credits and reimbursements and interest therefrom for the purpose of financing employer and employee contributions and to improve the benefits.

Your Committee received testimony in support of this bill from the HPEHF, the Hawaii Government Employees Association, and the Hawaii State Teachers Association. The Department of Budget and Finance did not support this bill.

This bill seeks to return the language of the statute to what it read before Act 183, Session Laws of Hawaii 1995, which changed the law to require that the subject funds be returned to the general fund of the State or county. Your Committee believes that the funds should remain in the HPEHF to enable it to fulfill its obligations.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 729 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 453 Human Resources on S.B. No. 1142

The purpose of this bill is to increase the window of opportunity for public employees in the Hawaii Public Employees Health Fund (Fund) from seven days to ninety days within which to transfer from one agency to another without losing vested rights in the Fund.

Your Committee received testimony in support of this bill from the Hawaii State Teachers Association. The Board of Trustees of the Fund was not scheduled to meet to decide on a position on this bill until after the hearing date, making it necessary for your Committee to make a decision notwithstanding due to time constraints.

Your Committee finds that this bill would particularly help public school teachers who are on probationary and temporary status and usually go more than seven days between semesters to be rehired.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1142 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 454 Human Resources on S.B. No. 1143

The purpose of this bill is to expand the scope of mandatory subjects of collective bargaining under chapter 89, Hawaii Revised Statutes, relating to wages and salaries.

Your Committee received testimony in support of this bill from the United Public Workers, AFSCME, Local 646, and the Hawaii State Teachers Association. Although testimony in opposition to the inclusion of matters of classification as mandatory bargaining subjects was presented by the Department of Human Resources Development, Department of Education, City and County of Honolulu, and the Hawaii Government Employees Association, there was agreement by those attending the hearing on this bill to include pricing and repricing as a proper subject of bargaining at the option of the exclusive bargaining agent.

Your Committee has amended the bill to permit bargaining, when requested by the exclusive bargaining agents, over the subjects of pricing and repricing of positions, because these subjects directly or indirectly affect wages and salaries of public employees. Under section 89-9(a), Hawaii Revised Statutes, wages and salaries are already mandatory subjects of bargaining.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1143, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1143, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 455 Judiciary on S.B. No. 242

The purpose of this bill is to authorize the State Ethics Commission to initiate complaints concerning alleged violations, render informal advisory opinions, and publish summaries of decisions, advisory opinions and informal advisory opinions with respect to lobbyist registration and disclosure.

Your Committee finds that this bill will provide the Ethics Commission with administrative authority, under the lobbyist registration and disclosure statutes, which is identical to that already provided under the Ethics Code. Your Committee further finds that this authority is an appropriate responsibility and function of the Ethics Commission.

Testimony in support of this bill was received from the State Ethics Commission and Common Cause Hawaii.

Your Committee has made technical, non-substantive amendments for the 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 S.B. No. 242, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 242, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 456 Judiciary on S.B. No. 719

The purpose of this bill is to increase the salaries of the various justices and judges throughout Hawaii's court system.

Your Committee finds that our judges and justices have not received a salary increase since 1990. At present Hawaii's judicial salaries rank 47th among the fifty states when adjusted for the cost of living in Hawaii. At the federal level, it is notable that the lowest paid federal magistrate makes \$28,132 more than our Chief Justice. While economic reward should never be the primary objective in public service, fair and adequate compensation is necessary to attract and retain the finest judges.

Your Committee further finds that a recent report of the Judicial Salary Commission recommends a fifteen percent increase for judges and justices, with a five percent increase retroactive to July 1, 1996, and a five percent increase for each of the next two fiscal years.

Your Committee received testimony in support of this measure from the Judiciary, the Judicial Salary Commission, the Hawaii State Bar Association, The American Judicature Society, the Hawaii Government Employees Association, the Dean of the William S. Richardson School of Law, and several attorneys and doctors from the community.

Your Committee strongly believes that our judges and justices deserve a salary increase, and, therefore, your Committee has amended the bill to reflect the recommendations of the Judicial Salary 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 S.B. No. 719, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 719, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 457 Judiciary on S.B. No. 831

The purpose of this bill is to make changes to Hawaii's campaign spending law in areas relating to unlimited loans, noncandidate committees, reporting requirements by committees with little or no contributions or expenditures, qualifying contributions for various races on neighbor islands, and use of public funds.

Testimony on the measure was submitted by the Campaign Spending Commission, the League of Women Voters, Common Cause Hawaii, the Aloha Society of Association Executives, and the City and County of Honolulu.

Upon further consideration of the testimony presented, your Committee has amended this measure as follows:

- (1) Loans. Under current law, apart from disclosure, there is no restriction on the amount of loans that may be made to candidates, nor is there any obligation to repay any loans that are made. Your Committee believes that loans should not be used as vehicles for contributions in excess of statutory limits. Accordingly, the bill has been amended to provide that loans that are not repaid by the final day of the election period shall be treated as contributions unless they are commercial loans secured by the personal assets of the candidate. Through this mechanism, unrepaid personal loans which circumvent campaign funding limits will be identified. And, if they are in excess of contribution limits, both the candidate and lender will be subject to consequences and sanctions that apply to excess contributions.
- (2) Simplification and streamlining. Ambiguous and unduly burdensome filing requirements are clarified and streamlined to:
 - a. exclude low budget campaigns from the requirement to file their reports electronically;
 - b. excuse candidates with less than \$1,000 in contributions or expenditures from filing other than a final report;
 - c. delete provisions relating to "sole electoral activity committees" to clarify that they are subject to the same requirements as all other noncandidate committees;
 - d. encourage more candidates to participate in the public funding program. Toward this end the matching payment period for the General Election is extended and minimum matching contributions are apportioned based on the voter base for each respective office; and
 - e. incorporate the Campaign Spending Commission ruling with regard to corporate or company contributions to noncandidate committees established with internal funds.
- (3) Administration. In order to ensure the effective administration of campaign spending laws, the bill authorizes the expenditure of \$100,000 per year from the Hawaii election campaign trust fund to cover administrative costs. The availability of these funds would remain subject to the appropriations process.

Your Committee has also made nonsubstantive technical amendments for the 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 S.B. No. 831, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 831, S.D. 1, and be referred to the Committee on Ways and

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 458 Judiciary on S.B. No. 838

The purpose of this bill is to require strict registration requirements of sex offenders, in conformance with federal law, and to ensure community notification of the presence of a sex offender.

Your Committee finds the Legislature has a compelling interest in protecting the public from sex offenders by requiring strict registration requirements and public notification of the presence of sex offenders in a particular community. Your Committee further finds that failure to comply with recent federal requirements for sex offender registration and notification will result in a ten percent reduction in the State's Byrne Formula Grant funding.

Your Committee is painfully aware of the State's worsening economic condition and the need to take immediate action to ensure that the federal funds desperately needed by law enforcement agencies are not lost. Accordingly, your Committee finds that, in view of the State's current economic crisis and the ever present concern over crime, it is in the interest of public safety to adopt more stringent registration requirements for sex offenders and to provide some measure of protection to the public by ensuring the release of relevant information concerning the presence of sex offenders in the community.

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

- (1) deleting all references relating to sexually violent predator determinations and the applicable stricter registration and verification requirements;
- (2) deleting procedures for applying for relief for certain classes of sex offenders;
- (3) requiring that all sex offenders be registered for life and be required to verify the registration data with the attorney general every ninety days;
- (4) deleting the provision concerning public notice and substituting the provisions relating to access to registration information and release of relevant information necessary to protect the public;
- (5) deleting the section concerning the adoption of rules by the attorney general;
- (6) adding a new section to the bill to repeal the sex offender registration law that will be superceded by this measure;

- (7) adding an appropriation section to the bill;
- (8) changing the applicability of the provisions of the bill to acts committed prior to, on, or after July 1, 1997;
- (9) adding a severability clause;
- (10) changing the effective date from upon approval to July 1, 1997; and
- (11) making a number of technical nonsubstantive changes for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 838, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 838, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 459 Judiciary on S.B. No. 842

The purpose of this bill, as received by your Committee, is to expand inmate work programs by requiring all able-bodied inmates to engage in full-time work and, providing authority to the Department to garnish inmate compensation for restitution of victims. Further, the bill exempts these work programs from the State's procurement and labor laws and allows their work products to be sold on the open market.

Your Committee finds that requiring available inmates to work is a worthy goal that provides them the opportunity to learn job skills and earn money that can be applied toward victim restitution. Your Committee further finds that providing work opportunities for inmates is a necessary component of their correctional program that will support their transition back into the community.

However, your Committee also believes that correctional work programs cannot be given unfair trade advantages that will undermine small businesses. Thus, your Committee cannot support providing blanket exemptions from the various state laws for all correctional work programs, but will provide authority for garnishment and restitution payments from inmate compensation.

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

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

- (1) Deleting the provision that exempts all prison work programs from applicable competitive bidding requirements and labor laws;
- (2) Deleting the provision allowing all products manufactured through inmate work programs to be available for sale on the open market, and limiting sales to products manufactured through correctional industries;
- (3) Placing garnishment and restitution authority in section 353-25.2, Hawaii Revised Statutes;
- (4) Replacing the terms "qualified and able-bodied" inmates with a definition of "available" inmates;
- (5) Creating a new section allowing the director to make withdrawals from an inmate's account for dependents or costs of confinement; and
- (6) Making technical, nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 842, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 842, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (McCartney, Metcalf).

SCRep. 460 Judiciary on S.B. No. 990

The purpose of this bill is to appropriate \$350,000 as compensation to Hale 'Opio Kaua'i, Inc.

Your Committee finds that Hale 'Opio is a private, non-profit agency that serves children and families across the State with an array of different services for at-risk youth. Your Committee further finds that the Department of Land and Natural Resources has failed to live up to its obligation to assist Hale 'Opio obtain sites upon which it can build an administration building, learning resource center, and three new group homes on the island of Kaua'i. Your Committee agrees that the failure of the Department of Land and Natural Resources to locate sites for Hale 'Opio has cost them over \$426,000, in addition to the adverse impacts it has had on its group home program as the only provider of group homes on Kaua'i.

Testimony in support of this bill was submitted by the President and Executive Director of Hale 'Opio, and United States Senator Daniel K. Inouye.

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 S.B. No. 990 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 461 Judiciary on S.B. No. 1093

The purpose of this bill, as received by your Committee, is to appropriate \$50,000 from the spouse and child abuse special account as state matching funds for the federal AmeriCorps grant to support Hawaii's Students and Advocates of Victims of Domestic Violence.

Your Committee finds that the federal AmeriCorps program is known as the "domestic Peace Corps" and provides financial support to place community service volunteers in programs where they can assist low-income citizens. Your Committee further finds that the Hawaii AmeriCorps program, Students and Advocates for Victims of Domestic Violence assists our community by providing legal services for victims as well as community education and outreach about domestic violence prevention.

Testimony in support of this measure was submitted by Hawaii Lawyers Care, Child and Family Service, the Hawaii State Bar Association, several private law firms, the District Family Court of the Third Circuit, advocates for victims of domestic violence, and several private citizens. Testimony was submitted by the Judiciary expressing concerns about using the spouse and child abuse special account as the source of the matching funds.

Upon further consideration, your Committee has amended this measure by appropriating general funds rather than funds from the spouse and child abuse special account.

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 S.B. No. 1093, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1093, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 462 Judiciary on S.B. No. 1264

The purpose of this bill is to allow the inclusion of fingerprints of juvenile law violators into the Automatic Fingerprint Identification System (AFIS) when the juvenile is twelve years or older and to amend the current expungement criteria for juvenile fingerprints in AFIS.

Your Committee finds that since the inception of the program in 1995, the Automated Fingerprint Identification System (AFIS) has proven to be a valuable and effective tool in the identification of youthful violators by fingerprint analysis. Your Committee further finds that much can be gained in the interest of public safety by expanding the allowable criteria for juvenile fingerprinting.

Testimony in support of the bill was received from various law enforcement agencies, including the Attorney General, the Honolulu Prosecuting Attorney, the Honolulu Police Department, and the Hawaii County Police Department. Their testimony indicated that the inclusion of the fingerprints of juveniles twelve years or older taken into custody would enhance the identification rate on latent fingerprints from crime scenes. Testimony in opposition to the bill was received from the Public Defender's Office.

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 S.B. No. 1264 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 463 Judiciary on S.B. No. 1266

The purpose of this bill is to amend various provisions of the Hawaii Revised Statutes to comply with the mandates of the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, also known as the "Welfare Reform Act", and other federal requirements.

Your Committee finds that with the enactment of the Welfare Reform Act, the federal safety net providing financial assistance to support children has been removed, and thus the burden of ensuring adequate support for these children will be placed upon the states. In response to this shifting of the financial burden, the states are subsequently strengthening their child support laws, including additional mechanisms for garnishing and withholding funds from delinquent parents as well as providing access to additional personal records to assist agencies in locating delinquent parents and identifying their assets.

Your Committee agrees that enforcement must be expedited, and thus supports the use of a more administrative process for ensuring that delinquent parents meet their obligations as quickly as possible. However, your Committee also wants to ensure that such expedited administrative process and access to personal records should not place additional burdens upon businesses to provide the information.

Testimony in support of this measure was submitted by the Attorney General and the Office of the Corporation Counsel for the County of Hawaii. The Office of Information Practices submitted testimony regarding some aspects of providing access to personal records.

Your Committee has amended this measure by making technical, nonsubstantive amendments throughout the bill for the purposes of clarity and conformance with proper statutory format.

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 S.B. No. 1266, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1266, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 464 Judiciary on S.B. No. 1268

The purpose of this bill is to enact the Uniform Interstate Family Support Act (UIFSA), as amended on July 18, 1996.

Your Committee finds that the recently enacted federal "Welfare Reform Act" mandates that each state adopt the UIFSA. The UIFSA was enacted to eliminate the inadequacies of the Uniform Reciprocal Enforcement of Support Act (URES) which had been adopted nationwide. Your Committee further finds that if Hawaii does not adopt the UIFSA, the State will be subject to financial penalties, including the potential loss of its block grant for Temporary Assistance to Needy Families of approximately \$98 million for this fiscal year.

Testimony in support of the measure was received from the Attorney General, Department of Human Services, and the Hawaii Commissioner to the National Conference of Commissioners on Uniform State Laws.

Your Committee has amended the bill to make nonsubstantive technical amendments for the 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 S.B. No. 1268, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1268, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 465 Judiciary on S.B. No. 1288

The purpose of this bill is to reorganize the Department of the Attorney General at the deputy director level by providing for two Assistant Attorneys General rather than a single First Deputy Attorney General.

Your Committee find that providing two Assistant Attorneys General will allow the Attorney General to more effectively delegate disparate criminal and civil responsibilities. Your Committee further finds that the proposed reorganization will enhance state law enforcement efforts by placing a greater focus on criminal law and resource coordination.

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

Your Committee has amended this bill by incorporating the proposed change in ethics law as recommended by the Attorney General. Technical nonsubstantive amendments have also been made for the 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 S.B. No. 1288, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1288, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 466 Judiciary on S.B. No. 1290

The purpose of this bill is to make an emergency appropriation of \$2,100,000 to complete the development and installation of an automated child support system.

Your Committee finds that the original contractor, Network Six, Inc. (NSI), has defaulted on a contract to develop and install the automated child support enforcement system (KEIKI) as required by the federal government. Your Committee further finds that an alternative contractor, Lockheed Martin IMS, Inc., has been identified, but the negotiated costs exceeds the remaining balance of contract funds.

Your Committee notes that if the project is not completed by September 30, 1997, the State could suffer penalties or loss of federal funds. Thus, your Committee believes that the requested appropriation is critically necessary to secure continued federal funding for our child support programs.

Testimony in support of this bill was received from the Attorney General and the Department of Human Services.

Your Committee has made nonsubstantive, technical amendments for the 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 S.B. No. 1290, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1290, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 467 Judiciary on S.B. No. 1308

The purpose of this bill is to appropriate funds for the compensation of certain persons for injuries from a criminal act.

Your Committee finds that this request for compensation reflects the decisions of the Criminal Injuries Compensation Commission based upon their review of applications for the current year. Your Committee further finds that these awards provide compensation to cover out-of-pocket medical expenses, lost earnings, funeral and burial expenses as well as pain and suffering as a result of their victimization.

Testimony in support of this measure was submitted by the Criminal Injuries Compensation Commission and the Sex Abuse Treatment Center.

Upon further consideration, your Committee has amended this bill to accurately reflect the appropriation amount requested by 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 S.B. No. 1308, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1308, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 468 Judiciary on S.B. No. 1309

The purpose of the bill is to include acts of terrorism within the offenses for which compensation may be sought, to allow state residents to receive compensation from Hawaii if not fully compensated by the state in which the crime occurred, and to prohibit compensation of prisoners injured while incarcerated.

Your Committee finds that the inclusion of terrorism as a compensable crime is consistent with the policy of providing restitution for victims of violent crimes, although they may be victimized outside the State of Hawaii. Your Committee further finds that compensation should be prohibited for inmates injured or killed while incarcerated, as the intent of this program is to compensate individuals or their families for lost earnings or expenses incurred because of their injuries.

Testimony in support of the bill was submitted by the Criminal Injuries Compensation Commission and the Sex Abuse Treatment Center. Testimony in opposition was submitted by the Office of the Public Defender.

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

- (1) omitting the definitions of "crime" and "resident";
- (2) including acts of terrorism, as defined in title 18 United States Code §2331, as a compensable crime under section 351-32, Hawaii Revised Statutes; and
- (3) making non-substantive technical changes.

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 S.B. No. 1309, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1309, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 469 Judiciary on S.B. No. 1311

The purpose of this bill is to provide discretionary authority to the Hawaii Paroling Authority to furnish funds to an inmate in preparation for their discharge or parole.

Your Committee finds that the Hawaii Paroling Authority determines the financial needs of inmates in preparation for their parole or discharge by assessing inmate accounts, proposed living arrangements, and employment plans. Your Committee further finds that the Hawaii Paroling Authority has had several lawsuits in the past concerning its discretion in issuing funds or clothing to discharged inmates. Thus, to prevent further litigation, your Committee agrees that this measure is necessary to provide such discretion to the Authority.

Your Committee received testimony in support of this measure from the Hawaii Paroling Authority.

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 S.B. No. 1311 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (McCartney).

SCRep. 470 Judiciary on S.B. No. 1314

The purpose of this bill is to create a correctional health care program and allow the Department of Public Safety to hire a program administrator and physicians who shall be exempt from the civil service system.

Your Committee finds that in order to adequately staff the correctional health care program, the Department is required to hire persons with specialized experience to fill these health care positions for which there are a limited number of applicants. Your Committee further finds that it is necessary to provide the Department with hiring flexibility by exempting these positions from the civil service system.

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

Your Committee has amended this bill by placing the correctional health care program in Chapter 353 instead of Chapter 353C, Hawaii Revised Statutes.

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 S.B. No. 1314, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1314, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (McCartney).

SCRep. 471 (Majority) Judiciary on S.B. No. 1315

The purpose of this bill is to increase from thirty to sixty the number of temporary exempt positions that the Director of Public Safety may appoint to fill the staffing needs of the correctional industries program.

Your Committee finds that the correctional industries program in the Department of Public Safety is a self-sustaining operation that provides inmates the opportunity to learn occupational skills and offer products for sale to government agencies and non-profit organizations. Your Committee further finds that correctional industries program staffing requires persons with technical expertise but for whom there may not be full-time employment because of the fluctuation in workload that is dictated by the demand for products. Thus, your Committee agrees that the Department of Public Safety should have the flexibility to hire these technical persons, when necessary, to maximize the opportunities for job training for the inmate population.

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

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 S.B. No. 1315 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, 1 (Anderson). Excused, 1 (McCartney).

SCRep. 472 Judiciary on S.B. No. 1326

The purpose of this bill as received is to amend the perjury statute to include the wilful falsification of any tax return, statement, or other tax document.

Your Committee finds that the current perjury statute does not apply to the falsification of tax returns because wilful falsification is prosecuted under section 231-36, Hawaii Revised Statutes. However the State tax form's jurat is signed under penalty of perjury, although there is technically no such violation in the statutes.

Testimony in support of this measure was submitted by the Department of Taxation indicating that the objective of this bill is to correct this inconsistency between practice and the law. Testimony from the Office of Public Defender indicated that this measure would create two violations when only one could be prosecuted.

Upon further consideration, your Committee has amended this bill by deleting the reference to perjury and inserting language indicating that the written tax declaration must be verified to be true and correct as to every material matter.

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 S.B. No. 1326, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1326, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 473 Judiciary on S.B. No. 1353

The purpose of this bill is to require the Department of Public Safety to establish a regimental discipline program that includes intensive treatment for young adult defendants found to be substance abusers.

Your Committee finds that this regimental discipline program offers an integrated approach that targets young adult offenders with substance abuse problems and requires participants to complete physical training, hard work, substance abuse treatment, counseling, and educational components. Your Committee further finds that alternative programs commonly referred to as "boot camps" have proven effective in reducing the rate of recidivism in young adult defendants in other jurisdictions. Your Committee believes that we need to encourage and support these types of alternatives to incarceration that have been proven to be successful within young adult offender populations.

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

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 S.B. No. 1353 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (McCartney, Metcalf).

SCRep. 474 Judiciary on S.B. No. 1706

The purpose of this bill is to require all funds received as restitution from convicted defendants to be deposited into the Criminal Injuries Compensation Fund.

Your Committee finds that reparation and restitution by offenders to their victims is basic to our sense of justice and fair play. Your Committee further finds that by imposing a requirement that offenders repay society and their victims, society benefits not once, but twice.

Testimony in support of this measure was received from the Prosecuting Attorney's Office and the Criminal Injuries Compensation Commission. Both testified that although the concept of restitution has been supported by the Legislature for over twenty years, Hawaii's laws do not clearly establish the purpose of restitution orders nor provide any clear guidelines to the courts on when restitution is appropriate and how to determine the amount of restitution.

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

- (1) authorizing the court to order restitution fines;
- (2) providing that restitution fines be indexed to the seriousness of the crime and be set at the judge's discretion;
- (3) providing that restitution fines be ordered regardless of the defendant's present ability to pay;
- (4) providing that all fines collected be deposited into the Criminal Injuries Compensation Fund;
- (5) allowing restitution payments to victims who have suffered economic loss as a result of the defendant's conduct;
- (6) establishing factors for the court to consider in determining the amount of restitution or restitution fine;
- (7) requiring the defendant to perform community service if neither restitution nor a fine has been ordered by the court, unless the court makes a finding on the record that there are clear and compelling reasons not to order community service;
- (8) clarifying that the restitution fine is separate from any fine that may be imposed under section 706-640; and
- (9) making technical nonsubstantive changes for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1706, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1706, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 475 Judiciary on S.B. No. 286

The purpose of this bill is to mandate that all convicted felons who are sentenced to a term of imprisonment serve at least eighty-five percent of their sentences before becoming eligible for parole. This bill also provides discretion to judges in setting maximum sentences.

Your Committee finds that the public welfare and safety is threatened when prisoners are released after serving only a fraction of their maximum sentence because of the high rate of recidivism among felony offenders. Your Committee further finds that when a convicted felon is sentenced under current law, the sentencing judge has very little discretion to impose a maximum sentence that fits the crime. Accordingly, it is imperative that the Legislature adopt sentencing reforms which will provide certainty of consequences for serious criminal behavior in a manner that also conforms with recent federal mandates. However, your Committee is also aware that in order for these "truth-in-sentencing" reforms to be actualized, substantial funding must be provided for additional prison bed space.

Your Committee received favorable testimony from various law enforcement agencies, the Office of the Mayor of the City and County of Honolulu, a number of community watch organizations, and private citizens. Testimony in opposition was received from the Office of the Public Defender.

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

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 286, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 286, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 476 (Joint) Transportation and Intergovernmental Affairs and Human Resources on S.B. No. 45

The purpose of this bill is to convert the positions of veterans services coordinator and executive secretary of the Office of Veterans Services to civil service. This bill also removes the acreage limitations imposed on the Department of Land and Natural Resources relating to land to be set aside or acquired to establish veterans cemeteries in the State of Hawaii.

Your Committees received testimony in support of this measure from the Board of Land and Natural Resources and the Advisory Board on Veterans Services. The Office of Veterans Services submitted testimony in support of the intent of this measure.

Your Committees find that there are over 120,000 veterans in the State. To support the needs of these veterans, the State Office of Veterans Services, Department of Defense provides the necessary technical assistance to a wide variety of veterans activities, ceremonies, events, programs and projects. The veterans in turn provide thousands of hours of volunteer assistance for various projects, as well as assisting with other daily functions. One of the major volunteer projects involves the weekly cleaning of the Korean and Vietnam Memorial located on the State Capitol grounds. Hawaii has the distinction of having more veterans cemeteries than any other State.

Your Committees have amended this measure by:

- (1) Deleting the amendment to section 363-2, Hawaii Revised Statutes;
- (2) Deleting language on civil service status and benefits; and
- (3) Making conforming changes to the section numbers.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 45, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 45, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 6. Noes, none. Excused, 6 (Aki, Baker, Chumbley, Fernandes Salling, Fukunaga, Anderson).

SCRep. 477 (Majority) Transportation and Intergovernmental Affairs on S.B. No. 399

The purpose of this bill is to require the state director of finance to establish a flat service fee for every citation issued by a county police officer pursuant to state law. The bill also requires the director to return these fees to the respective county and restricts county expenditure of these funds to the expenses of sworn police officers.

Your Committee received testimony in support of this bill from the State of Hawaii Organization of Police Officers. Your Committee received testimony in opposition to the bill from the Department of Budget and Finance.

Your Committee finds that the declining revenues of the counties have adversely impacted the operation of our county police departments. This measure can generate considerable revenue which can be used by the counties to augment their current law enforcement activities. Your Committee also recognizes that in these hard fiscal times the programs which are most likely to be affected are programs such as the Drug Abuse Resistance Education (D.A.R.E.) or "No Hope in Dope" programs. It is the intent of your Committee to supplement these programs so that these effective, highly recognized programs can continue to function.

Your Committee has amended this bill by earmarking the revenue generated by the service fee for the enhancement and expansion of the D.A.R.E. and "No Hope in Dope" programs. To facilitate this, the money generated will be deposited into a newly established Drug Education Special Fund to be administered by the Department of Budget and Finance. The Department of Budget and Finance may use a portion of the funds to defray the costs of administering the fund.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 399, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 399, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, 1 (Chumbley). Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 478 (Joint) Transportation and Intergovernmental Affairs and Judiciary on S.B. No. 632

The purpose of this bill is to appropriate moneys to establish a three-year demonstration project in the City and County of Honolulu to provide for the implementation of photo radar and photo red light systems to improve traffic enforcement.

Your Committees received testimony in support of this bill from the Police Department of the City and County of Honolulu, the Chamber of Commerce of Hawaii, and the Downtown Neighborhood Board. The Department of Transportation submitted testimony in support of the intent of this measure. Testimony in opposition to this bill was received from the liaison of the Libertarian Party.

Your Committees find that traffic violations in Hawaii have become intolerable, particularly the offenses of speeding and running red lights. Both of these violations needlessly endanger the lives of residents and compound the already hazardous conditions for pedestrians and motorists.

Your Committees are looking toward innovative and state-of-the-art technology to help curb Hawaii's traffic violations rate. Equipment such as photo radar and photo red light systems have worked effectively for over twenty years in police departments around the world, including California, Oregon, Washington, Arizona, Michigan, New York, Florida, Canada, Europe and Australia.

The photo radar system is a unit that mounts in a sport utility vehicle or van that detects, photographs, and records information on speeders. The photo radar system is capable of capturing the driver's face, and front and back license plates.

The photo red light system situates a camera at intersections where red light violations are a major cause of accidents. When a vehicle enters the intersection against a red light, the camera takes a telephoto color picture of the rear of the car as it rolls over the sensors, capturing the rear license plate as evidence. Violators receive the evidence of the violation and a citation and have the option of paying the violation fee or appealing in traffic court.

Outside contractors administer the projects, allowing for law enforcement officers to concentrate on other areas of public safety. Violation fees have virtually paid for the two projects in the states and countries in which the equipment is being used.

Your Committees have amended this measure by specifying that data accessible to the contractor should only be those which are necessary and relevant to the execution of the contract, and personal and confidential data used for this project shall become the property of the State and not be used for other purposes. Technical, nonsubstantive changes also were made.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 632, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 632, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 4 (Fernandes Salling, Kanno, Anderson, Slom).

SCRep. 479 (Majority) Transportation and Intergovernmental Affairs on S.B. No. 1470

The purpose of this bill is to redirect the deposit of the rental motor vehicle and tour vehicle surcharge tax from the highway fund to the general fund.

Your Committee received testimony in support of this bill from the Department of Budget and Finance, the Hawaii State Teachers Association, and a private citizen.

Your Committee received testimony in opposition of this bill from the Hawaii Transportation Association, Polynesian Hospitality (PHT Inc.), Alamo Rent a Car, and CATRALA. The Tax Foundation of Hawaii submitted comments.

Your Committee finds that the diversion of the rental motor vehicle and tour vehicle surcharge tax is needed to balance the overall financial plan. The rental motor vehicle and tour vehicle surcharge tax was established with the intent to defray some of the expenses associated with the operation of our State highways, and to lower the costs of fuel tax increases. The transfer of these funds will undoubtedly affect the maintenance and construction of our roads.

Your Committee has amended this bill to sunset the transfer of the rental motor vehicle and tour vehicle surcharge tax at the end of the 1998-1999 fiscal biennium.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1470, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1470, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, 1 (Slom). Excused, 2 (Aki, Kanno).

SCRep. 480 (Joint/Majority) Transportation and Intergovernmental Affairs, Judiciary, and Economic Development on S.B. No. 1472

The purpose of this bill is to fix the amount of the transient accommodation taxes distributed to each county to the amount distributed in the fiscal year 1994-1995, after making reductions for revenues generated in each respective county from public service company taxes and fines and forfeitures from uncontested traffic infractions.

Your Committees received testimony in support of this bill from Hawaiian Electric Company, Hawaii Hotel Association, GTE Hawaiian Tel, and the Department of Budget and Finance. Your Committees received testimony in opposition to this bill from the Mayor of Maui, the Maui County Council, the City and County of Honolulu, and the Hawaii County Council. Your Committees also received comments from the Tax Foundation of Hawaii and the Judiciary.

Your Committees find that the Hawaii Convention Center's expenses cannot be covered by the State if there is no redistribution of revenues to create a dedicated source of funding for the project. The estimated shortfalls in the Convention Center Capital and Operations Special Fund are projected to be \$11.9 million in fiscal year 1999 and \$84.3 million in fiscal year 2003. The proposed bill would create an income stream that would meet the requirements of the Convention Center Capital and Operations Special Fund.

Your Committees also find that fixing the allocation of the transient accommodations tax at the 1995 levels would have a severe impact on the operations of the counties.

Your Committees have amended the bill to increase the allocation amounts of the transient accommodations tax to distributed counties at fiscal year 1996 levels. In addition, your Committees have adopted the recommendation of the Hawaii State Judiciary to exclude adjudications covered under section 291D-6(b)(2)(3), Hawaii Revised Statutes. Your Committees have also made corrections to statutory language, and technical, nonsubstantive changes were made for the purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Judiciary and Economic Development that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1472, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1472, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 10. Noes, 2 (Tanaka, Slom). Excused, 4 (Aki, Bunda, Solomon, Anderson).

SCRep. 481 Transportation and Intergovernmental Affairs on S.B. No. 1657

The purpose of this bill is to delete the reference from section 232-4, Hawaii Revised Statutes, to a specified date for filing an appeal of a real property tax assessment so that the counties may establish their own filing requirement timeframe.

Your Committee received testimony in support of this measure from the Department of Finance of the City and County of Honolulu.

Your Committee received testimony in opposition of the bill from the Judiciary.

Your Committee believes that the counties should have the authority to set their own deadlines for real property tax assessment appeals insofar as real property taxes are within the counties' jurisdiction.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1657 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 482 Transportation and Intergovernmental Affairs on S.B. No. 1658

The purpose of this bill is to clarify that the deadline for filing tax appeals is the date fixed by state law or the respective county ordinance. The bill also requires the filing of a separate appeal for each tax map key parcel or condominium unit by the appealing taxpayer or county, and limits amendments to the notice of appeal.

Your Committee received testimony in support of this measure from the Department of Finance of the City and County of Honolulu.

Your Committee received testimony opposing this measure from the State of Hawaii Judiciary.

Your Committee finds that under existing law, a notice of appeal to the tax appeal court is sufficient if it meets the requirements of a notice of appeal to the county board of review whose requirements are set forth in the respective county ordinances. Your Committee further finds that clarification for real property assessment appeals is needed to ensure timely and proper real property appeals. Restricting amendments to only those on a notice of appeal would preserve the integrity of the county budgetary process by ensuring that the estimated tax realization accurately reflects the disputed funds.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1658 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 483 Transportation and Intergovernmental Affairs on S.B. No. 1738

The purpose of this bill is to impose penalties on owners who use unlicensed contractors and to permit law enforcement officers to report unlicensed contractors. The bill also establishes penalties for an owner using an unlicensed contractor.

Your Committee received testimony in support of this bill from the Building Industry Association of Hawaii, the Hawaii Island Contractors' Association, the Maui Contractors Association, AIA Hawaii State Council, and the Contractors Association of Kauai. The Department of Commerce and Consumer Affairs and the Subcontractors Association of Hawaii submitted testimony in support of the intent of this measure. Your Committee received testimony in opposition to this bill from the Police Department of the City and County of Honolulu.

Your Committee finds that the prevalence of unlicensed contractors in Hawaii is a public safety hazard. Unlicensed contractors may be prone to unlawful practices by promising more than they can perform competently, and then failing to complete the job or doing so inadequately. Whereas, licensed contractors are required to pass a written competency test, have specified experience, have a history of honesty and fair dealing, have valid workers' compensation coverage for their employees, have personal injury and property damage insurance, and participate in the contractors recovery fund. Your Committee is assured that these provisions protect the integrity of those in the profession who competently perform their responsibilities to consumers.

Your Committee has amended this bill by defining "authorized personnel" to mean regulatory personnel of the County Building Departments, County Department of Public Works, and the Department of Commerce and Consumer Affairs. Under this definition, "authorized personnel" excludes city and county police officers. In addition, the fine for using unlicensed contractors has been reduced from \$10,000 to the value of the work performed or \$5,000, whichever is less.

A member of your Committee voiced strong reservations to this measure as it sets a precedent of penalizing consumers, many of whom may unwittingly become "criminals" by the penalties set forth. Another member of your Committee also noted reservations on the effectiveness of the enforcement provisions for citing violations by unlicensed contractors.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1738, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1738, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 484 (Majority) Transportation and Intergovernmental Affairs on S.B. No. 1862

The purpose of this bill is to provide for a moratorium on electricity rate increases for the next three years for counties with a population of not more than 100,000.

Your Committee received testimony in support of this measure from the Mayor of the County of Kauai, the Kauai County Council, the Department of Commerce and Consumer Affairs, the University of Hawaii, the Hyatt Regency Kauai, the Poipu Beach Resort Association, the Hawaii Hotel Association, the Kauai Visitors and Convention Bureau, and the District Superintendent, Department of Education, Kauai District. The Kauai Electric Division of Citizens Utilities Company submitted testimony in opposition to this bill.

Your Committee finds that Kauai's residents and businesses are still trying to recover from the devastating financial effects of Hurricane Iniki. On a per capita basis, the monetary damage resulting from this disaster - estimated at approximately \$1.6 billion - is among the worst in the history of the nation. This, and Hawaii's generally sluggish economy, have resulted in a disturbing unemployment rate on Kauai of approximately 12 percent.

On top of these troubles, skyrocketing electric rates have also dampened the chance for Kauai's economic recovery. In the last four years since Hurricane Iniki, for example, the average residential electric bill has increased 38 percent.

Your Committee has amended this measure by allowing increases in cases where the Public Utilities Commission (PUC) has previously approved extraordinary rate increases resulting from natural disasters, the PUC, with certain exceptions, shall not grant any rate increases for a period of three years. The PUC could, however, grant increases in the case of any extraordinary occurrence, such as force majeure, during the three-year period.

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

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1862, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1862, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, 1 (Slom). Excused, 1 (Aki).

SCRep. 485 (Joint) Transportation and Intergovernmental Affairs and Commerce, Consumer Protection, and Information Technology on S.B. No. 1916

The purpose of this bill is to reduce the sale and access of cigarettes and tobacco products to minors under the age of eighteen.

Your Committees received testimony in support of this bill from the Department of Health, American Heart Association, American Lung Association, American Cancer Society, Hawaii Food Industry Association, Hawaii Medical Association, and the Police Department of the City and County of Honolulu. Testimony in opposition of this bill was received from the Department of Finance of the City and County of Honolulu. The Liquor Commission of the City and County of Honolulu submitted comments.

Your Committees find that tobacco use is the leading cause of preventable illness and death in the United States. Cigarette smoking among our young people is now on the rise after a period of steady decline. In 1980, only twenty-two percent of Hawaii's high school seniors were regular smokers. Today, Hawaii has a higher percentage of high school students who are regular smokers (32.4%) than adults (19.5%). In fact, a 1995 Department of Health study on "Reducing Minor's Access to Tobacco in Hawaii" indicated that minors were able to regularly purchase cigarettes and tobacco over-the-counter (43%) and from vending machines (80%).

Your Committees have amended this bill by:

- (1) Establishing a revolving fund to implement the provisions of this bill, which would be administered by the Liquor Commission. The purpose of the revolving fund is to institute a source of funding to pay for the cost of operating and administering the program.
- (2) Deleting the \$50 in Section 281-A(c)(1) and the \$35 in Section 281-A(c)(2) and substituting blank dollar amounts to provide the necessary opportunity to deliberate and scrutinize with all due consideration on the adequacy of funding levels that would be commensurate with the statutory mandate required by this bill.
- (3) Appropriating out of the general revenues of the State, the necessary start-up costs to assist the counties in implementing this bill.
- (4) 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 Transportation and Intergovernmental Affairs and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1916, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1916, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 6. Noes, none. Excused, 5 (Aki, Chumbley, Chun Oakland, Fernandes Salling, Solomon).

SCRep. 486 Human Resources on S.B. No. 257

The purpose of this bill is to reduce the Employees' Retirement System's (ERS) large unfunded liability by changing the actuarial funding method to the entry age normal cost funding method and repealing the excess earnings provision.

The ERS, HGEA/AFSCME, HSTA, HSTA-Retired, and the Coalition of Hawaii State/Counties Retirees, Inc. submitted testimony in support of the bill. The Department of Budget and Finance testified in opposition to the repeal of the excess earnings provision.

Your Committee finds that the current funding method used by the ERS has a major weakness in that the total unfunded liability is understated. Under the current frozen initial liability funding method, the ERS' unfunded liability was "frozen" at \$470 million in 1987 when the post retirement fund was merged into the pension accumulation fund. Through the annual payments of \$39 million for interest and principal, this amount has been reduced to \$413 million as of June 30, 1996. The actual unfunded liability under the proposed entry age normal cost method was estimated to be \$1.6 billion as of June 30, 1996. The entry age normal cost method is used by thirty-nine state retirement systems. Finally, your Committee finds that there could still be a \$700 million unfunded liability in the year 2016 if there is no change to the current funding method.

Your Committee believes that it is incumbent upon the State to protect the financial integrity of the state retirement program by reducing its \$1.6 billion unfunded liability. However, understanding the current fiscal crisis the State faces, your Committee feels it is prudent to eliminate the requirement that the state and county governments make up the \$99.4 million shortfall from FY 1995. Your Committee also believes that the ERS must begin to retain all of its investment earnings from FY 1997 in order to begin the systematic liquidation of its unfunded liability.

Your Committee believes that the use of the entry age normal cost funding method and the repeal of the excess earnings credit to public employers is financially advantageous to the State in that it will:

- (1) Result in \$126.5 million being saved in public employer contributions over the next two years including \$72.8 million for the state general fund;
- (2) Reduce the public employers' concern over the financial volatility of fluctuating employer contributions from year to year;
- (3) Produce lower employer contributions in the long term;
- (4) Decrease the risk of a large employer appropriation requirement whenever the ERS has a poor investment return in future years; and
- (5) Allow the ERS to reduce its large unfunded liability to the point where it becomes fully funded by the year 2016.

Your Committee has amended the bill by:

- (1) Making the interest calculations effective from fiscal year 1995, instead of 1996-1997;
- (2) Making the employer normal cost and accrued liability calculations effective after June 30, 1994, instead of after June 30, 1996; and
- (3) Providing that the unfunded accrued liability is to be liquidated in twenty-one years beginning from July 1, 1995.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 257, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 257, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 487 Human Resources on S.B. No. 727

The purpose of this bill is to provide health insurance coverage to unmarried full-time student dependents of state and county employees.

Your Committee received testimony in support of the bill from the Public Employees Health Fund (PEHF), the Hawaii State Teachers Association, and the Hawaii Government Employees Association. The Department of Budget and Finance testified in opposition to the bill.

Your Committee learned that the health insurance industry extends coverage to children up to the age of twenty-four who attend school on a full-time basis. If members who are enrolled in the PEHF's benefit plans choose to provide coverage to their children, then the members must pay the COBRA health insurance premium in addition to their PEHF contribution.

Your Committee finds that the PEHF's plans should provide equitable health insurance coverage for state and county employee- and retiree-beneficiaries and therefore amended the bill by:

- (1) Extending the health insurance coverage to children under the age of twenty-four, thereby providing coverage for students through the age of twenty-three;
- (2) Deleting the proposal that provides dental coverage to children over the age of nineteen due to the high cost of the insurance; and
- (3) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 727, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 727, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 488 (Majority) Human Resources on S.B. No. 1023

The purpose of this bill is to modify the required period for notification of closing, partial closing, and relocation under Hawaii's dislocated workers law and to afford an appropriate remedy where work is not provided to employees during the period of notification.

Your Committee received testimony in support of this bill from the Department of Labor and Industrial Relations.

Your Committee finds that the forty-five day notice required under current law is too short to afford employees, the community, and public agencies the opportunity to deal with the significant impact of plant closures, partial closures, and relocations. Your Committee further finds that the notification period is meaningless if affected employees are not provided work by the employer during the period of notification.

Your Committee has amended this bill by changing the notification period under existing law from forty-five days to sixty days and by establishing a specific civil penalty to deter practices which undermine the purpose and intent of the required notice period.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1023, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1023, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, 1 (Sakamoto). Excused, 1 (Anderson).

SCRep. 489 (Majority) Human Resources on S.B. No. 1243

The purpose of this bill is to provide for more equitable compensation to an employee who has been injured on the job and subsequently suffers an aggravation of that injury off the job.

Your Committee received testimony in support of this bill from the Consumer Lawyers of Hawaii and a workers' compensation law specialist. Testimony opposing this bill was received from the Department of Labor and Industrial Relations.

Your Committee finds that where a subsequent nonwork related injury aggravates a condition resulting from a prior work related injury, it is unfair and inequitable to deprive the injured claimant of any benefits. Moreover, existing laws afford no standards to apportion responsibility fairly. This bill is intended to establish a fifty percent formula where medical evidence is lacking to support an otherwise fair determination. The intent of this measure is to provide an equitable basis on which workers' compensation benefits may be apportioned where successive injuries occur and the last injury is nonwork related.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1243 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, 1 (Sakamoto). Excused, 1 (Anderson).

SCRep. 490 Government Operations and Housing on S.B. No. 906

The purpose of this bill is to remove printing services from the goods and services that must be purchased from the correctional industries program.

The Department of Public Safety submitted testimony in opposition to this measure on the basis that the bill would jeopardize the success of the correctional industries program and could result in much higher costs of printing for state agencies.

Testimony was also submitted by the Ahupua'a Action Alliance. The Ahupua'a Action Alliance recommended that the Correctional Industries Program be encouraged to develop other types of goods and services that could be provided. The development of geographic information systems (GIS) service to support government operations is one avenue being explored in Texas. GIS uses data conversion and mapping, digitization, data cleaning and correction, and high volume scanning to produce electronic charting and maps used for instance by the federal government for geodetic survey maps and for assessment maps.

The correctional industries program was established to provide inmates with the opportunity to acquire marketable work skills while they produce goods and services for the State. chapter 354D, Hawaii Revised Statutes, requires state agencies to acquire certain goods and services from the Correctional Industries Program unless they receive a waiver from doing so. The specific goods and services are identified by the public safety director in consultation with other state agencies. Currently, printing is the only service that the correctional industries program and the directors of the various agencies have determined must be purchased from the program. The printing service seems to be a mature program, which is competitive, and capable of standing on its own. This Committee concurs with the suggestion that the program investigate other types of goods and services which may be provided. The development of Geographic Information Systems may well be worth looking into.

Your Committee finds that because of the program's printing capabilities and competitive pricing, there is no need for the protective requirement that agencies purchase printing services from the program.

Your Committee has amended this bill to address some of the concerns raised by providing that printing services will not be among the services provided by the correctional industries program to the judiciary, the office of Hawaiian affairs, or the legislature.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 906, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 906, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, none.

SCRep. 491 Government Operations and Housing on S.B. No. 908

The purpose of this bill is to reduce the mandatory buy-back period for dwelling units developed by the Housing Finance and Development Corporation (HFDC) from 10 to 3 years.

Testimony in opposition to this measure was submitted by the HFDC, and the City and County Department of Housing and Community Development. Both organizations expressed the concern that this measure may adversely reduce the existing inventory of affordable housing stock.

Supportive testimony was submitted by The Gentry Companies, the Land Use Research Foundation of Hawaii, the Makai Village Partnership, and ERA Concepts Unlimited.

Your Committee is of the opinion that the ten-year buy-back provision may be outdated and a significant restriction to home buyers.

Testimony revealed that homeowners who have bought condominiums, townhouses or small single-family homes under this restriction are often forced to live in cramped living conditions as their families have grown during the ten-year period. These buy-back and shared appreciation provisions, coupled with Hawaii's stagnant economy which has not permitted the required increase in family income, have prevented growing families from being able to purchase larger market homes.

In a down real estate market, prospective purchasers see the restriction as an unnecessary encumbrance on the property, since other properties are available without restrictions or with less onerous conditions at comparable sales prices. When this law was first enacted, the market was experiencing tremendous growth in real estate values and one of its primary purposes was to prevent buyers from experiencing windfall profits. Under that economic scenario, the law was appropriate and functioned pursuant to its intent. Currently however, other new projects with less restrictions under City unilateral agreements, or resale properties are available at comparable sales prices.

Your Committee finds that with the increased supply of new product and resale properties for sale, potential home buyers are rejecting the longevity of the buy-back period, in favor of alternative choices. By decreasing the buy-back period to 3 years the original purpose of the Act is maintained, as well as the viability of the program for those eligible residents. The shared appreciation provisions of the Act prevent any eligible residents from windfall profits.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 908 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 492 Government Operations and Housing on S.B. No. 1004

The purpose of this bill is to establish an affordable housing exemption from general excise taxes for privately-developed affordable housing projects certified and completed before June 30, 2000. The exemption is limited to the first 5,000 affordable units.

Testimony in opposition to this bill was submitted by the Department of Taxation, which projected the total tax revenue loss to be in the range of \$13,000,000 to \$22,000,000.

Supportive testimony was submitted by The Gentry Companies and the Land Use Research Foundation of Hawaii.

The Housing Finance and Development Corporation (HFDC) submitted testimony in support of the concept and intent of the proposed measure. However, HFDC prefers to support S.B. No. 1476 which provides a first time buyer with an income tax credit.

Testimony revealed that currently general excise tax exemptions are available for affordable housing projects if they meet the following criteria:

- (1) The project must be developed with State or County assistance; or
- (2) The project must be developed using a government assistance program approved by HFDC; or
- (3) The project must be developed under the sponsorship of a private nonprofit corporation.

Therefore, a private developer would have to use government programs or subsidies in order to qualify for general excise tax exemptions, resulting in greater costs to taxpayers.

Your Committee finds that the private sector must participate in efforts to meet the need for more affordable rental housing units in the State. A general excise tax exemption may serve as encouragement for private sector development of affordable housing units, particularly affordable rental housing.

Your Committee has amended the bill as suggested by the Gentry Companies by:

- (1) Allowing qualified firms to also benefit from the tax exemption;
- (2) Changing the definition of affordable housing unit to mean housing units which are sold at prices or rented at rates affordable to households earning up to one hundred twenty per cent of the area median income as determined by HUD;
- (3) Changing the term "governmental contracting party" to read "governmental contracting agency" to be consistent with language in section 104.2, Hawaii Revised Statutes;
- (4) Providing that in the case of projects involving the development of market priced and affordable housing units, not just rental housing units, the exemption shall apply only to the affordable housing units; and
- (5) Making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1004, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1004, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 493 Government Operations and Housing on S.B. No. 1272

The purpose of this bill is to exempt from the Procurement Code, contracts for attorneys who are employed or retained to advise or represent the State or any of its agencies on matters arising under the laws of other jurisdictions, when substantially all legal services are expected to be performed outside the State.

Supportive testimony was submitted by the Department of the Attorney General.

Testimony revealed that whenever legal issues arise involving laws of jurisdictions other than Hawaii, or the State is sued in foreign jurisdictions, the State must be able to promptly retain attorneys who are licensed to practice before the courts and agencies of those jurisdictions, and who are familiar with their laws. Due to the distance involved and lack of familiarity, advertising for proposals is impractical. Further, the need arises infrequently and establishing prequalified lists is not cost-effective. However, when the need does arise, it is critical that counsel be secured as soon as possible.

Your Committee finds that the enactment of this measure should ensure that qualified attorneys are readily available to represent the State and protect its interests, when the State, its agencies, or its officials are sued or in need of counsel or other legal services outside the State.

Your Committee was concerned that the original language of the bill was overly broad which may produce situations that would circumvent the Procurement Code's objectives of fostering competition, controlling costs, and ensuring the fair and equitable treatment of all who wish to provide services to the State. Therefore, your Committee has amended the bill to tighten the language so that this exemption from the Code would be available only when the legal services needed are expected to be performed substantially outside the State and the services of an attorney residing in that other state or country is essential to ensure the State's interests.

In addition, your Committee would like to note that this amendment to 103D-102(b), Hawaii Revised Statutes, does not automatically exempt the Attorney General and other agencies authorized to hire lawyers from the requirements of the Procurement Code. It merely amends the section to expressly include this situation as another example of the contracts which the procurement policy office may by rule or in writing exempt from the Code's requirements as "either not practical or not advantageous to the State."

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1272, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1272, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 494 Government Operations and Housing on S.B. No. 1361

The purpose of this bill is to assist developers of residential condominium projects by permitting the developer to file a final public report without first acquiring the land, obtaining financial commitments, having an executed construction contract, obtaining building

permits, or getting a one hundred percent performance bond. The bill provides, however, that all purchasers' funds would be held in escrow and not disbursed until an effective date for a final public report meeting all the requirements is issued, and if no such effective date is issued within six months, the purchaser may cancel the contract and obtain a refund of all moneys paid together with interest.

The bill further permits developers to market the condominium to owner-occupants and to others at the same time.

Your Committee received favorable testimony from: the Real Estate Commission, the City and County Department of Housing and Community Development, the Land Use Research Foundation of Hawaii, the Hawaii Association of Realtors, Title Guaranty of Hawaii, the Myers Corporation, Savio Development Co., Inc., the Building Industry Association of Hawaii, Hawaii Resort Developers Conference, and a private citizen.

A number of concerns and suggested changes arose during the hearing:

- (1) Testimony from Savio Development indicated there were no provisions for condominium conversions; and
- (2) Testimony from the Real Estate Commission suggested keeping the final public report requirements intact and creating a contingent final public report which would expire after six months unless superseded by a final public report, providing for nonrefundable fees, and repealing section 10 of Act 106, Session Laws of Hawaii 1996 providing that certain registration fees and the condominium management education fund fee shall not exceed the amount fees set as of April 1, 1996.

Your Committee amended the bill to incorporate suggested amendments from the testifiers. In general the bill as amended:

- (1) Provides for condominium conversions;
- (2) Provides for a contingent final public report which expires after six months unless the developer obtains an effective date for a final public report;
- (3) Repeals section 10 of Act 106, Session Laws of Hawaii 1996;
- (4) Adds new provisions amending section 514A-31, Hawaii Revised Statutes (HRS), on notice of intention to sell, 514A-33 and 514A-34, HRS, on inspection and waiver of inspection, 514A-43 and 514A-62, HRS, on expiration of public reports and rescission rights, and 514A-104.5 on owner-occupant affidavits; and
- (5) Permits developers to market the condominium units to owner-occupants and others at the same time.

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

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1361, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1361, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 495 Government Operations and Housing on S.B. No. 1463

The purpose of this bill is to allow the Housing Finance and Development Corporation (HFDC) to include its general revenues, as a source of funds that can be utilized to repay revenue bonds issued by HFDC under section 201E-50, Hawaii Revised Statutes. This measure also allows HFDC to issue deeply discounted bonds for the purpose of financing the infrastructure for the 500 acre former West Oahu Campus site and approximately 800 acre East Kapolei site in an amount that exceeds the current statutory restriction that the value of discounted bonds not exceed ten percent of the bond issue.

Supportive testimony was received from the Housing Finance and Development Corporation.

Your Committee is cognizant that Act 277, Session Laws of Hawaii 1996, authorized HFDC to issue revenue bonds to finance the infrastructure cost for the former 500 acre University of Hawaii West Oahu Campus and approximately 800 acre East Kapolei sites. The bonds are anticipated to be repaid from the revenues generated from the sale of the land and improvements thereon (infrastructure only). HFDC had previously requested that it be allowed to pledge its general revenues towards the repayment of the bonds as it may be difficult for HFDC to issue the revenue bonds for this purpose without additional security. An equally important factor is that with the additional revenue pledge, the rating on bonds will improve and lower the financing cost for infrastructure improvements.

Your Committee also understands that in providing the infrastructure bond financing for the aforementioned purpose, HFDC will not be able to generate an income stream until the sites are sold to private developers and as such, must issue deeply discounted or zero coupon bonds (bonds which pay no interest until maturity). In addition, HFDC will not have a revenue stream to provide for monthly, semi-annual, or annual interest on the bonds and will need to accrue the interest until the bonds maturity. Though HFDC may be able to increase the bond issue amount and capitalize the interest to be paid, the result will be higher costs to the project.

Furthermore, your Committee has learned that the proposed use of deeply discounted bonds to finance infrastructure improvements is a fairly standard method of infrastructure financing.

Your Committee has amended the bill by making a technical, nonsubstantive amendment for the purpose of style and clarity.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1463, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1463, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 496 Government Operations and Housing on S.B. No. 1474

The purpose of this bill is to transfer excess moneys from the dwelling unit revolving fund (DURF) and the homes revolving fund (HRF) to the general fund in fiscal years 1997-98 and 1998-99.

The Department of Budget and Finance submitted testimony in support of this measure.

Your Committee finds that statutorily, departments are allowed to transfer moneys in excess of special fund requirements to the general fund. However, at present, such statutory authorization for the transfer of excess moneys from revolving funds to the general fund do not exist.

Your Committee understands that while revolving funds are intended for specific purposes, the State's current financial situation requires the prudent and most effective use of all of its fiscal resources. The ability to transfer excess moneys in the revolving funds should be allowed to ensure that the State can meet its financial requirements with all available resources.

Furthermore, discussions with the Housing Finance and Development Corporation (HFDC), under which the DURF and HRF are created, indicate that total available funds in the DURF are required to meet program requirements but that excess funds are available in the HRF. In addition, your Committee was apprised that the HRF will have an excess of \$12,000,000 in the fiscal biennium.

In light of this, your Committee has amended this measure by:

- (1) Deleting all references to the dwelling unit revolving fund;
- (2) Stating the purpose of the affected revolving fund and indicating that the amount in the HRF is sufficient for the purpose for which the fund was created;
- (3) Authorizing the director of finance to transfer \$6,000,000 from the homes revolving fund to the general fund in each fiscal year of the present fiscal biennium; and
- (4) Making technical, nonsubstantive amendments for the purpose of style and clarity.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1474, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1474, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 497 (Majority) Ways and Means on S.B. No. 209

The purpose of this bill is to amend the State Constitution to have the Tax Review Commission convene every ten years instead of every five.

Your Committee received testimony in support of the bill from the Department of Taxation and the legislative liaison of the Libertarian Party. The Tax Foundation submitted comments on the bill.

Your Committee finds that the bill would have the Tax Review Commission established pursuant to Article VII, Section 3, of the State Constitution, to convene every ten years starting from the year 2005.

Your Committee believes that the current five year period does not provide the Legislature with an adequate amount of time to critically assess the long term merits and problems associated with the State's tax policy. Lengthening the time period between convenings will reduce process redundancy and provide the Legislature with more time to scrutinize the long term effects of the State's tax structure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 209 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, 1 (Ige, M.). Excused, 2 (Iwase, Tam).

SCRep. 498 (Majority) Ways and Means on S.B. No. 1421

The purpose of this bill is to amend state laws relating to pay periods.

Your Committee has amended this short form bill by inserting its contents that establish a specific schedule for implementing the after-the-fact payroll system.

Your Committee finds that the present law simply requires a one-year conversion time schedule. Your Committee has replaced this generally stated requirement with a specific commencement date and a specific schedule of pay dates to be delayed. These schedules shall be implemented unless otherwise provided by the department of accounting and general services.

Your Committee finds that the implementation of what is popularly referred to as the "payroll lag", and the changeover to the after-the-fact payroll system are important components in improving the State's fiscal controls and balancing the budget. For this reason, your Committee believes that the Legislature should take the initiative in ensuring that these important measures are implemented in a timely manner.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the action to report out S.B. No. 1421, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1421, S.D. 1, and be recommitted to the Committee on Ways and Means for further consideration.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, 1 (Anderson). Excused, 3 (Iwase, Tam, Tanaka).

SCRep. 499 Ways and Means on S.B. No. 1466

The purpose of this bill is to streamline the payment process involving the issuance of checks drawn from the Director of Finance's demand deposit accounts maintained with depositories of the state treasury funds.

Your Committee received testimony in support of the measure from the Department of Budget and Finance.

Your Committee has amended the bill by deleting its substance and inserting language that repeals section 6 of article VII of the State Constitution, relating to the mandatory issuance of a tax refund or tax credit to the public if the state general fund balance at the end of two successive fiscal years exceeds five percent of general fund revenues for each of those two fiscal years.

Your Committee finds that the constitutional provision is unnecessary due to the minimal amount customarily refunded to the public and therefore recommends its repeal.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1466, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1466, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 500 (Majority) Transportation and Intergovernmental Affairs on S.B. No. 854

The purpose of this bill is to establish a port authority in Hawaii by empowering the port authority to administer a statewide system of harbors and harbor facilities, and to include small boat facilities, and generate revenues from fuel taxes, and harbor use charges. Also establishes a port authority fund.

Your Committee received testimony in support of this measure from the Department of Transportation, the Chamber of Commerce of Hawaii, Young Brothers, Ltd., Boats/Hawaii Inc., and Barbers Point Harbor Advisory Council. The Department of Business, Economic Development, and Tourism, Hawaii Cattlemen's Council, Sea-Land Service, Inc., Governor's Hawaii Maritime Industry Policy Advisory Task Force, and Maui Commercial Boaters and Ocean Affiliated Transportation submitted testimony in support of the intent of the measure. Testimony in opposition of this bill was received from Matson Navigation Company, Inc. The Board of Land and Natural Resources submitted comments and deferred the merits of this measure to the Department of Transportation.

Your Committee finds that Hawaii's waterfront resources are of supreme importance to the State. Hawaii's commercial maritime harbors system is a vital lifeline that connects Hawaii to the rest of the world. Hawaii depends almost entirely on maritime services to import the goods that the people of the State consume. These resources include important non-maritime, commercial, and recreational facilities that are critical to Hawaii's attractiveness as a visitor destination and economic well-being.

Your Committee seeks common ground between those persons and businesses supportive and opposed to establishing a port authority. We remain concerned about the conflicting demands for waterfront resources, especially for a limited supply of harbor lands, for maritime and non-maritime uses such as additional acreage for container cargo space versus recreational and commercial non-maritime uses.

Your Committee, upon further review has amended this bill by appropriating \$175,000 for an independent comparative analysis and implementation study regarding the establishment of a state port authority.

A member of your Committee has noted his concerns regarding the process by which this amended measure was introduced for consideration, and to the extent of the changes in the amended language.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 854, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 854, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 1 (Kanno). Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 501 Education on S.B. No. 47

The purpose of this bill is to appropriate funds for the Department of Education's state and district administration to provide assistance for the implementation of School/Community-Based Management (SCBM).

Your Committee received testimony in support of the intent of this measure, with funding reservations, from the Department of Education.

Your Committee finds that SCBM is an effective way to support school level initiatives through the concept that decisions should be made closest to the point of implementation. This is an important component of restructuring education to meet the needs of today's students and their families.

Your Committee concurs that in order for SCBM to succeed, it must be funded appropriately.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 47, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 47, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Metcalf, Slom).

SCRep. 502 Education on S.B. No. 757

The purpose of this bill is to allow student-centered schools the ability to select which services will be obtained through the Department of Education and which services will be obtained through vendors of their own choosing including other state agencies.

Your Committee received testimony supporting this measure from the Hawaii State Teachers Association and an instructor and graduate student at the University of Hawaii. Testimony opposing this measure was received from the Department of Education.

Your Committee finds more autonomy and flexibility are needed at the school level in order to truly enable school communities to develop and implement programs that best meet the needs of their students. Providing student-centered-schools the authority to choose which services will be obtained from the Department of Education or from vendors of the schools choosing will enable schools to customize their needs and make more efficient use of moneys allocated for service.

Your Committee notes that further details need to be worked out among the parties of interest regarding the administration of this Act and your Committee will monitor progress in this area.

Your Committee has amended this bill by inserting the contents of Senate Bill No. 1911 which makes the Department of Budget and Finance responsible for allocating general funds to the SCS and requires that SCS conduct annual self-evaluations.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 757, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 757, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Metcalf).

SCRep. 503 Education on S.B. No. 760

The purpose of this bill is to allow a group of six or more teachers to establish a school-within-a-school, which is defined as an alternative education model; to provide for its governance, funding, and evaluation; and to exempt the school-within-a-school from most state laws and rules.

Your Committee received testimony in opposition to this measure from the Department of Education, the Hawaii State Teachers Association, and the Hawaii Government Employees Association.

Your Committee has heard the concerns expressed by the Department and the union representatives. However, your Committee believes that the continuing debate over the quality of public education can best be addressed by providing meaningful alternatives within the public system. Schools-within-schools offer an educational model that includes alternative curriculum and instructional approaches, the option of changing the length of the school day, week, or year, and site-based management.

Your Committee believes that providing schools-within-schools the opportunity to develop educational policies to meet statewide student performance standards empowers schools and their communities to achieve the educational objectives important for our children.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 760 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Metcalf, Slom).

SCRep. 504 Education on S.B. No. 782

The purpose of this bill is to appropriate \$50,000 for fiscal year 1997-1998 to assist the Hawaii High School Athletic Association (HHSAA) carry out their activities.

Your Committee received no testimony on this bill.

Your Committee finds that the HHSAA is a nonprofit organization of sixty-three high schools throughout the State. The HHSAA plans, organizes, and conducts state athletic championships for boys and girls in twenty-one athletic categories. The organized athletic programs run by HHSAA provide significant health and social benefits for 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 S.B. No. 782 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Metcalf, Slom).

SCRep. 505 Education on S.B. No. 1678

The purpose of this bill is to require that the Department of Education develop a master plan for the acquisition, implementation, maintenance, upgrade, and use of technology in schools. The bill also creates a state educational technology purchase, maintenance, and upgrade special fund.

Your Committee received testimony supporting this measure from the Hawaii Congress of Parents, Teachers, and Students. The Department of Education supported the measure with funding reservations, and the Department of Accounting General Services commented on this measure.

Your Committee finds that in 1995, the Department of Education completed, and submitted as part of the Goals 2000 Plan, The Hawaii Connection: A Plan for Educational Technology. The technology plan stressed the commitment of the Department of Education in providing all schools a technology framework necessary to work toward the Department's objectives of integrating technology into classrooms and schools in order to expand the opportunities and capacities of all children. Your Committee also finds that President Clinton's 4 Pillars in Educational Technology has been cross referenced in the Hawaii Connection as a 1997 plan update.

Your Committee further finds that the Department of Education currently has some level of educational processes system installed. In order to maximize efficiency, both in terms of productivity and dollars already spent, continued expansion and upgrade of certain systems is necessary.

Your Committee has amended this bill by:

- (1) Authorizing the Department of Education or the comptroller to expend appropriations or authorizations from the special fund;
- (2) Replacing the Department of Budget and Finance with the Department of Accounting and General Services as the department required to provide technical support to implement the section dealing with technology purchase, maintenance, and upgrade special fund;
- (3) Including in the purpose section the additional purposes of upgrading the wide area network, implementing a human resources system, upgrading and maintaining the Student Information System software, and purchasing application servers for all schools, continuing to implement the data warehouse and educational processes systems; procuring supplies and equipment necessary to expand the school local area network, and expanding the distance learning/electronic schools and accompanying multi-media learning materials including hiring personnel necessary for support;
- (4) Inserting the appropriation section and explanation from Senate Bill No. 997 which provides \$783,229 in fiscal year 1997-1998, and \$751,519 in fiscal year 1998-1999, to procure equipment and services to upgrade the wide area network;
- (5) Inserting the appropriation section and explanation from Senate Bill No. 916 which provides \$688,000 in fiscal year 1997-1998, and \$650,000 in fiscal year 1998-1999, to implement a human resources system;
- (6) Inserting the appropriation section and explanation from Senate Bill No. 995 which provides \$517,000 in fiscal year 1997-1998, and \$693,000 in fiscal year 1998-1999 to upgrade and maintain the Student Information System software and to purchase application servers for all schools;
- (7) Inserting the appropriation section and explanation from Senate Bill No. 998 which provides \$384,880 in fiscal year 1997-1998, and \$267,456 in fiscal year 1998-1999 to hire employees and purchase hardware and software to continue implementation of a school data retrieval system;
- (8) Inserting the appropriation section and explanation from Senate Bill No. 996 which provides \$493,705 in fiscal year 1997-1998, and \$494,705 in fiscal year 1998-1999 to procure supplies and equipment to expand the school local area network video and voice network connection to more classrooms;
- (9) Inserting the appropriation section and explanation from Senate Bill No. 999 which provides \$285,808 in fiscal year 1997-1998, and \$265,000 in fiscal year 1998-1999 to hire employees and purchase supplies and equipment to expand the distance learning/electronic schools; and
- (10) Making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1678, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1678, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Metcalf, Slom).

SCRep. 506 Education on S.B. No. 1742

The purpose of this bill is to provide individual schools the authority to manage their own budget with budget preparation training from the Department of Education. The bill also requires that the Department of Education review all programs within the school-based budgeting program, EDN 100, and submit to the legislature a list and justifications delineating the programs that should be maintained or eliminated.

Your Committee received testimony supporting this measure from the Hawaii Business Roundtable and the Hawaii Congress of Parents, Teachers, and Students. Testimony opposing this measure was received from the Department of Education and the Department of Budget and Finance.

Your Committee finds that budget autonomy and flexibility are needed at the school level in order to truly enable school communities to develop and implement programs that best meet the needs of their students. Without the ability to control its resources, a school would be severely limited in planning and implementing improvements and innovations on a long-term basis.

Your Committee has amended this bill by:

- (1) Adding an appropriation section;
- (2) Requiring that the legislative auditor, with assistance from the Department of Education, review EDN 100 programs and submit to the legislature its recommendations and justifications for determining which programs should be eliminated or maintained;
- (3) Deleting the Board of Education's role in this procedure; and
- (4) Making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1742, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1742, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Metcalf, Slom).

SCRep. 507 (Joint/Majority) Human Resources and Health and Environment on S.B. No. 263

The purpose of this bill is to require health insurers to provide mandatory coverage for contraceptive services.

Your Committees received testimony in support of this bill from the Hawaii Nurses' Association, Healthy Mothers, Healthy Babies Coalition of Hawaii and one private citizen in favor of this measure. Testimony was received in opposition to this measure by the Hawaii Catholic Conference, Brigham Young University-Hawaii Campus and one private citizen. The Hawaii Medical Services Association submitted testimony suggesting that coverage be limited to three types of oral contraceptives which would not add cost to employers.

Your Committees have amended this bill by:

- (1) Providing that every health maintenance organization, mutual benefit society, and all health insurers, shall cease to exclude contraceptive services for enrollees and prescriptive contraceptive drugs and devices; and
- (2) Adding a religious exclusionary clause to exempt religious organizations or religiously affiliated organizations.

As affirmed by the records of votes of the members of your Committees on Human Resources and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 263, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 263, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 5. Noes, 1 (Slom). Excused, 4 (Fukunaga, Sakamoto, Tam, Anderson).

SCRep. 508 Human Resources on S.B. No. 1552

The purpose of this bill is to establish a separate, time limited program for needy families with minor dependents pursuant to federal regulations specified in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

This bill also clarifies aspects of the temporary assistance to households without minor dependents program.

Testimony from the Department of Human Services was received in support of this measure and the Office of Information Practices submitted testimony taking no position regarding the intent. Testimony from the Legal Aid Society of Hawaii was received in opposition to this measure.

Your Committee finds that the separation of programs for families and singles provided by this measure is necessary to bring the financial assistance programs in line with federal welfare reform requirements. There are fundamental differences in time limits and program requirements. In this respect, this measure clarifies the standards of need, resource limits, and earned income disregards for the different programs as established by federal and state statutes.

Your Committee has amended this bill as received by:

- 1) Clarifying, on page 6, lines 1 through 5, that a recipient's residence and business address shall be allowed only for law enforcement purposes;
- 2) Deleting the changes made to page 7, lines 6 through 7, and keeping the original language intact;
- 3) Deleting, on page 7, line 8, the words "and resources";
- 4) Deleting the changes made to page 7, lines 16 through 17, and keeping the original language intact;
- 5) Deleting the newly created paragraphs (3) and (4), which deal with budgeting of income for all categories of assistance, from page 8, lines 1 through 6, because the issue of budgeting of income is being addressed in paragraph (1);
- 6) Reverting to the original paragraph numbering on pages 8 through 10;
- 7) Deleting on page 19, line 9, the words "for not more than twenty-four months";
- 8) Inserting language on page 19, line 22, that the department may require determination and certification by a physician designated and paid for by the department;
- 9) Deleting the changes made to page 20, line 3, and keeping the original language intact; and
- 10) Inserting the original sunset clause, which was accidentally omitted, of June 30, 1998.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1552, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1552, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Levin, Sakamoto, Anderson).

SCRep. 509 Human Resources on S.B. No. 1795

The purpose of this bill is to increase the assistance allowance for non-exempt households from not less than 50 per cent to not less than 62.5 per cent of the standard of need.

The bill also allows the Director of Human Services the discretion to increase the assistance allowance to 100 per cent of the standard of need depending on the availability of funds.

Your Committee received testimony in support of this bill from the University of Hawaii at Manoa, the National Association of Social Workers, and the Committee on Welfare Concerns, the American Friends Service Committee, and six individuals submitted testimony in support of this measure. The Department of Human Services submitted testimony in support of the intent of this bill, but raised financial concerns.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1795 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Levin, Sakamoto, Anderson).

SCRep. 510 Human Resources on S.B. No. 1874

The purpose of this bill is to generate a comprehensive effort to facilitate the transition of public assistance recipients from dependence to self-sufficiency.

The bill seeks to remove barriers to work, to increase work readiness, and to actually create new jobs and employment opportunities. The bill is a serious commitment to make work-to-welfare a reality.

Your Committee received testimony in support of this bill from the Legal Aid Society of Hawaii, Lokahi Coalition, ILWU LOCAL 142, and five private citizens. The Department of Human Services (DHS) was willing to explore the possibility of grant diversion, but they felt legislation was unnecessary. Therefore, the Department of Human Services submitted testimony requesting that the bill be held. Testimony was also received from the Department of Labor and Industrial Relations which was in support of the intent of the bill, but deferred to the DHS regarding appropriateness and feasibility of the measure.

Your Committee has amended this bill by:

- (1) Authorizing the DHS to make prospective payments directly to the child care provider to minimize overpayments;
- (2) Holding child care payees liable for overpayments resulting from their misrepresentation of fraud;
- (3) Providing that recipients who accept job placements shall be considered financial aid recipients for public assistance eligibility;

- (4) Requiring the DHS to encourage local community involvement in the grant diversion program;
- (5) Requiring the department of business, economic development, and tourism to assist the DHS in developing initiatives for creating jobs and eliminating poverty;
- (6) Requiring the DHS to ensure that employment related services under the Temporary Assistance to Needy Families block grant do not displace other services provided by the Office of Community Services; and
- (7) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1874, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1874, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Levin, Sakamoto, Anderson).

SCRep. 511 Human Resources on S.B. No. 1732

The purpose of this bill is to require that the Hawaii Public Employees Health Fund (HPEHF) be self-funded as of January 1, 1998, as to its programs and services.

Your Committee received testimony in support of this bill from the Hawaii State Teachers Association. The Department of Budget and Finance needed more information to comment on this bill. The HPEHF did not have a position on this bill because its Board of Trustees had not yet met to consider this bill.

This bill would convert the HPEHF from a pay-as-you-go system to a self-funded system.

Your Committee heard this bill along with S.B. No. 728, relating to the HPEHF, which authorizes the HPEHF Board of Trustees to invest its trust funds and to accumulate reserves. If this bill is enacted, along with the enactment of S.B. No. 728, your Committee believes that contributions will be lower for state and county employees and for state and county governments.

Your Committee has amended this bill to restrict the self-funding requirements to the statewide indemnity benefit plan and the statewide service benefit plan of the HPEHF. Your Committee has further amended this bill to require the implementation of the self-funding by July 1, 1998, and by requiring the Board of Trustees of the HPEHF to submit an annual report to the Legislature on the self-funding arrangements.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1732, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1732, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 512 Government Operations and Housing on S.B. No. 1632

The purpose of this bill, which is an administrative measure, is to promote and improve housing opportunities for all residents through consolidation and streamlining of the State's varied housing programs.

Your Committee received favorable testimony from: the Governor's Special Assistant for Housing, the Hawaii Housing Authority (HHA), the Housing and Finance Development Corporation (HFDC), the Rental Housing Trust Fund (RHTF), the Hawaii Community Development Authority (HCDA), the City and County of Honolulu Department of Housing and Community Development, and the American Association of Retired Persons.

Testimony indicated that there are presently several state agencies with overlapping responsibilities for state housing activities, primarily: HFDC, HHA, and RHTF. By consolidating these agencies into one agency, the State's housing resources can be maximized and used more efficiently. Your Committee was advised that over four years, from 1995 through 1998, the administration anticipates cutting forty-four positions at a savings of \$2,261,601. Testimony indicated that there were housing programs which, although on the books, were never implemented or used. In this regard the Committee requested that steps be taken to phase out and transfer the Teacher Housing Program currently administered by HHA to the Department of Education by 1998.

There was no testimony in opposition to the bill, however the City requested language that would ensure that the consolidation of state agencies would not negatively affect their housing efforts.

Your Committee amended the bill to:

- (1) Subject the appointment of the executive director to Senate confirmation;
- (2) Eliminate the position of a deputy director of housing;
- (3) Expand the membership of the Board from nine to eleven members with two members to be appointed from lists submitted by the President of the Senate and the Speaker of the House;
- (4) Subject condemnation actions by the corporation on parcels more than 15 acres to a legislative disapproval process and eliminate authorization for the federal government to condemn land under state law;

- (5) Eliminate the provision for development of employee housing; subparts III E, F, and G, the Taxable Mortgage Securities Program, the Loan Participation Program, and the State Mortgage Guarantee Program respectively; and subpart III M, the Downpayment Reserve Plan;
- (6) Provide that homeless shelter stipends shall be established by the corporation through rules;
- (7) Require the Advisory Commission to evaluate the rental housing fund every year and report to the Legislature;
- (8) Require the corporation to submit a report to the Legislature annually on the receipts and expenditures of each revolving fund administered by the Corporation;
- (9) Appropriate funds in an undetermined amount to implement section 5 of the bill;
- (10) Incorporate sections amending chapter 46, Hawaii Revised Statutes, to address the City's concerns;
- (11) Reflect the benefits of a residential leasehold system as an affordable means of owning a home; and
- (12) Make numerous technical, nonsubstantive amendments, including renumbering the sections and internal references, for clarity and style.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1632, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1632, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 513 Human Resources on S.B. No. 252

The purpose of this bill is to remove the 24-month limit to general assistance (GA) benefits for disabled persons.

This bill also creates a general assistance advisory council.

Your Committee received testimony from Hawaii Centers for Independent Living, Protection and Advocacy Agency of Hawaii, Affordable Housing and Homeless Alliance, American Friends Service Committee, STRENGTH Coalition, and five private citizens in support of this measure. Testimony was also received from the Department of Human Services in support but with funding reservations. The State Judiciary submitted testimony but took no position.

Your Committee, upon careful consideration, passed this measure with the understanding that the amount of appropriation will not exceed the state budget allocation for the general assistance program.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 252 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Levin, Sakamoto, Anderson).

SCRep. 514 Human Resources on S.B. No. 728

The purpose of this bill is to establish investment guidelines for the Hawaii Public Employees Health Fund (HPEHF).

Your Committee received testimony in support of this bill from the HPEHF and the Hawaii State Teachers Association. The Department of Budget and Finance submitted testimony in opposition.

The investment powers under this bill are similar to those of the Hawaii Public Employees Retirement System. Your Committee has amended this bill to make technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Resources, that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 728, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 728, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 515 Human Resources on S.B. No. 824

The purpose of this bill is to require the Department of Human Services (DHS) to screen and identify persons receiving welfare for domestic violence for referral to counseling and supportive services.

This bill also requires the DHS to waive its rules relating to receiving welfare benefits for victims of domestic violence if those rules would make it more difficult for a recipient to escape domestic violence.

Your Committee received testimony in support of this bill from the Hawaii State Commission on the Status of Women, Child and Family Service, and Domestic Violence Clearinghouse. The DHS supports the intent of the bill.

Your Committee finds that domestic violence is at epidemic proportions and that the DHS should do all it can to mitigate the problem amongst welfare recipients.

Your Committee has amended this bill by deleting its language and inserting language providing more detail of the same substantive provisions.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 824, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 824, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Levin, Sakamoto, Anderson).

SCRep. 516 Human Resources on S.B. No. 1293

The purpose of this bill is to authorize the Director of Human Resources Development, with the approval of the Governor, to establish demonstration projects for changes in resource management with the State; and to disqualify from initial civil service appointment persons who make false statements or engage in cheating during a civil service examination.

Your Committee received favorable testimony from the Department of Human Resources Development. Testimony opposed to the bill was received from the United Public Workers, AFSCME, Local 646, AFL-CIO.

Your Committee finds that, in order to modernize and streamline government, demonstration projects in human resources management are needed. This bill would authorize such projects with the Governor's approval.

Your Committee further finds that applicants for state employment, who make false statements or cheat during a civil service examination, should be declared to be ineligible for civil service appointments. The period of disqualification should be for a reasonable period as may be determined by rules and regulations promulgated by the Director.

In order to address concerns raised during the hearing the Committee amended the bill to provide that should the demonstration significantly impact on existing employees then consultation with the employees' representatives must occur prior to implementing any project. Should the project require modification of any terms or conditions of a valid collective bargaining agreement, an agreement amending those terms and conditions must be negotiated prior to implementation.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1293, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1293, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 517 Human Resources on S.B. No. 1328

The purpose of this bill is to provide a tax deduction from income taxes for resident taxpayers for long-term care services.

Your Committee received testimony in support of this administration bill from the Department of Taxation, Department of Human Services, American Association of Retired Persons, and the Hawaii Federation of Physicians and Dentists. Testimony to explain this bill was submitted by the Department of Budget and Finance and the Tax Foundation of Hawaii.

The tax deduction allowed is \$50,000 for incomes up to \$150,000, when the deduction reduces by twenty per cent for every \$10,000 above \$150,000.

Your Committee finds that tax relief for long-term care expenses is sorely needed by Hawaii's taxpayers. Long-term care expenses could easily run up to \$50,000 a year, which is financially impossible for most Hawaii families.

Your Committee has amended this bill on recommendation of the Department of Taxation by adding "resident taxpayer" to "resident taxpayer's spouse," and by making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Resources, that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1328, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1328, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 518 Human Resources on S.B. No. 1348

The purpose of this bill is to provide for a presumptive enrollment of pregnant women into QUEST pending a determination by the Department of Human Services (DHS) of their eligibility for QUEST.

Your Committee received testimony in support of this bill from the DHS, Department of Health, Hawaii State Primary Care Association, Healthy Mothers Healthy Babies Coalition of Hawaii, Community Clinic of Maui, Kalihi-Palama Health Center, American College of Obstetricians and Gynecologists, Waianae Coast Comprehensive Health Center, Hawaii Early Learning Intervention Coordinating Council, Aloha Care, and one private citizen.

Your Committee believes that this bill fulfills the true function of QUEST by enrolling pregnant women and infants while their application for coverage is pending approval by the DHS. Otherwise, they must go without health care until the administrative work is completed, which is harmful to their pregnancy.

Your Committee has amended this bill by:

- (1) Amending the title to section 346-41.5, Hawaii Revised Statutes, relating to Hawaii qualified health centers, by adding QUEST;
- (2) Adding that QUEST coverage applies to pregnant women whether or not their provider is a Hawaii qualified health center;
- (3) Adding legal immigrants to QUEST coverage for pregnancy on a presumptive enrollment basis; and
- (4) Requiring that pregnant women and legal immigrants in the presumptive enrollment to QUEST and who are later found to be ineligible for QUEST, shall reimburse the DHS for the QUEST premium payments made on their behalf.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1348, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1348, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 519 Human Resources on S.B. No. 1726

The purpose of this bill is to appropriate funds for outreach workers to work with "disconnected" youth.

Your Committee received testimony in support of this bill from the Office of Youth Services, Department of Education, and the Youth Gang Response System Working Committee.

Your Committee has amended this bill by changing the appropriation amount from \$500,000 to \$1 for both fiscal years for the purpose of further discussion.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1726, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1726, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Levin, Sakamoto, Anderson).

SCRep. 520 Human Resources on S.B. No. 1879

The purpose of this bill is to allow adult residential care homes (ARCH) to admit patients who qualify for nursing home level of care who are private pay; to accept up to three Medicaid nursing home level patients per home; to establish a minimum reimbursement rate of \$2,000 a month for Medicaid patients; and to require the Department of Health (DOH) to contract for training and competency testing; and to adopt a Hawaii nurse delegation act.

Your Committee received testimony in support of this bill from seven private individuals. The DOH, Hawaii Nurses' Association, Executive Office on Aging, and the Healthcare Association of Hawaii submitted testimony in support of the intent of the bill but with reservations or concerns. The Department of Human Services (DHS) did not support this bill.

Your Committee has amended this bill by:

- (1) Deleting the new statutory enactment for adult residential care homes and integrating its provisions into existing statutory sections;
- (2) Deleting reimbursement of \$2,000;
- (3) Deleting the requirement that the DOH contract with a private nursing agency to monitor ARCHs;
- (4) Deleting the requirement for adoption of the Hawaii nurse delegation act;
- (5) Limiting to two persons in type I group living those at the skilled nursing level or intermediate level care;
- (6) Requiring the DOH to coordinate with local community colleges to offer training to upgrade a licensee's skills and to offer courses accordingly; and
- (7) Amending the definition of ARCH to allow them to take persons certified by the DHS as requiring skilled nursing level or intermediate level care under Medicaid and to take private pay patients similarly situated.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1879, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1879, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 521 Education on S.B. No. 23

The purpose of this bill is to appropriate funding to establish a full time business manager position in each school complex.

Your Committee received favorable testimony from the Superintendent of Education, the Principal and Vice Principal of Pearl City High School, and the Vice Principal of Waipahu High School. Testimony indicated that a pilot project in which business managers were assigned to seven high schools ended successfully in 1995. The use of business managers freed administrators to attend to matters of curriculum, instruction, and school improvement. Further, the conduct of the schools' business functions improved. The pilot project was considered very successful and there is strong support for establishing these positions permanently.

Your Committee amended the bill by inserting the sum of \$1 to keep the bill alive for further consideration, and to make technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 23, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 23, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Metcalf).

SCRep. 522 Education on S.B. No. 532

The purpose of this bill is to require foreign students in public secondary schools in F-1 immigration status to pay the unsubsidized per capita cost of education, the cost to be determined by the Department of Education, for the intended period of study.

Your Committee received testimony supporting this measure from the Department of Education.

Your Committee finds that the United States Congress placed severe restrictions on foreign students who wish to study in United States public elementary and secondary schools. Section 625 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, which went into effect on November 30, 1996, prohibits foreign students in F-1 nonimmigrant status from attending public elementary schools or publicly funded adult education programs. The Act limits foreign student attendance at public secondary schools to a maximum of twelve aggregate months and requires them to reimburse the school for the full, unsubsidized per capita cost of education for the intended period of study.

Your Committee further finds that the Department of Education has calculated the one year per capita cost of education in our public secondary schools at \$5,185 for the current and upcoming school year. That figure is based on the general fund operating expenditures for the public schools during the 1995-1996 school year by the Department of Education and other state departments.

Your Committee has amended this bill by correcting the F-1 status to that of F-1 nonimmigration status as opposed to F-1 immigration status.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 532, S.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means in the form attached hereto as S.B. No. 532, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Metcalf, Slom).

SCRep. 523 Education on S.B. No. 538

The purpose of this bill is to prohibit the Board of Education and the state librarian from entering into agreements that allow outsourcing for the selection of books and other state library system resources that require the expenditure of public funds.

Your Committee received testimony supporting this measure from the Kalihi Valley Neighborhood Board, the Friends of Ewa Beach Public & School Libraries, the Thelma Parker Memorial Public and School Library, two librarians from Kaneohe Public Library, the HGEA/AFSCME, the Librarians Association of Hawaii, the Bess Press, the University of Hawaii Press, the Waikiki-Kapahulu Public Library, Team Pahoa at Pahoa Public and School Library, the Koloa Public/School Library, the Waipahu Public Library, the Kapaa Public Library, two librarians from the Hawaii State Library, and thirty interested citizens. Testimony opposing this measure was received from the Board of Education, the Department of Accounting and General Services, and an interested citizen.

Your Committee finds that the governor is the only state officer who, under the State Constitution, has the power to release funds and is the only person who can refuse to release further payments as required under the State's contract with Baker and Taylor. The Board of Education's role is to set policy and manage the Department of Education and Library Services. The legislature is empowered with budgeting and funding programs and events through statutory policy.

Your Committee notes that the decision to pass Senate Bill No. 538, Senate Draft 1, is based on your Committee's role as representatives of the public and to ensure that productive and efficient use is made of their tax dollars for library services. Your Committee must also ensure laws are not in conflict.

Your Committee further finds that librarian jobs have been compromised. The current library book service contract has interfered with librarian positions. The collective bargaining laws protect state librarians and their rights have been violated.

Your Committee also notes that two public hearings were held in order to listen to community views. It is very clear that the public strongly favors internal selection of books by community librarians who in turn receive input from its library patrons.

Your Committee further notes that the governor realizes the importance of internal selection of books and has released additional funds with which community libraries can internally purchase books to respond to their library users demand.

Your Committee has amended this bill by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 538, S.D. 1, as amended herein, and recommends that be referred to the Committee on Ways and Means, in the form attached hereto as S.B. No. 538, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Metcalf).

SCRep. 524 Education on S.B. No. 1166

The purposes of this bill are to:

- (1) Appropriate an unspecified sum to the Department of Education to hire 12.00 additional music teachers and 16.17 additional educational assistants for various public schools;
- (2) Appropriate an unspecified sum to provide pay differentials of \$5,000 per school year to music teachers without marching band responsibilities, and pay differentials of \$10,000 per school year for music teachers with marching band responsibilities;
- (3) Remove intermediate and high school music teachers from the purview of chapter 89, Hawaii Revised Statutes, by eliminating all noninstructional duties, granting extra preparation periods, and establishing a class size cap; and
- (4) Specify that this Act controls in conflicts with chapter 89, Hawaii Revised Statutes.

Your Committee received testimony supporting this measure from the Department of Education and the band director from Highlands Intermediate School.

Your Committee finds that currently music classes are large and not conducive for individual help in class. Additionally, facilities are inadequate to allow for individual practice sessions.

Your Committee further finds that despite these unfavorable conditions, many public school music programs are highly successful. Much of this success is attributable to the dedication and hard work of music directors who put in many overtime hours for rehearsals, school and community performances, as well as individual student assistance.

Your Committee has amended this bill by:

- (1) Removing the number of additional teacher and educational assistant positions to determine the actual number needed at a later date;
- (2) Removing the specific dollar amounts for pay differentials; and
- (3) Removing all references and exemptions to chapter 89, 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 S.B. No. 1166, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1166, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Metcalf).

SCRep. 525 Economic Development on S.B. No. 18

The purpose of this bill is to appropriate funds for a passive park and the addition of approximately ten parking spaces on a vacant parcel of state land (covered by Tax Map Key No. 9-7-94-29) next to the Pearl City Library.

Your Committee received testimony in support of this measure from the Pearl City Neighborhood Board.

Your Committee finds that the creation of a passive park in Pearl City will help to relieve the pressure on the often-times overcrowded existing parks and recreational areas in and around the area. This measure will also provide for much-needed additional parking at the Pearl City Library.

Your Committee has amended this measure by inserting \$1 as the appropriation amount.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 18, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 18, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Iwase, Matsunaga, Solomon, Tanaka).

SCRep. 526 Economic Development on S.B. No. 527

The purpose of this short form bill is to effectuate its title.

Your Committee has amended this bill by inserting language requiring the Department of Budget and Finance to work with the Convention Center Authority to develop a privatization plan for the convention center.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the action to report out S.B. No. 527, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 527, S.D. 1, and be recommitted to the Committee on Economic Development for further consideration.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Bunda, Iwase, Solomon).

SCRep. 527 (Majority) Economic Development on S.B. No. 1430

The purpose of this bill is to increase the Hawaii Community Development Authority's (HCDA) public facilities revenue bond authorization from \$35 million to \$125 million.

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

Your Committee finds that the requested increase in HCDA's authorization to issue public facilities revenue bonds will enable the agency to continue to serve as a catalyst for redevelopment and renewal of Kakaako. Through its ability to undertake public facilities improvements, HCDA has facilitated and encouraged private investment and development that is vital to the economic interest of the State. Over \$1.3 billion in new construction activity has resulted in the development of more than 2,800 housing units and 1.1 million square feet of commercial space.

HCDA has indicated that it is anticipating increased private development activity to occur as infrastructure projects are completed in the Ward Avenue and waterfront areas of Kakaako.

HCDA is currently requesting legislative approval to expend \$20.5 million in public facilities revenue bonds for the acquisition of the State Office Building at 919 Ala Moana Boulevard. In addition, approval is being requested to issue \$61.5 million in tax-exempt financing for the construction of a 4,500 stall public parking structure. For these bonds, the developer of the adjacent project will cover all principal and interest payments and guarantee the bonds.

This measure will increase HCDA's public facilities revenue bond authorization to a level sufficient to finance planned public facilities.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1430 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, 1 (Slom). Excused, 3 (Bunda, Iwase, Solomon).

SCRep. 528 Economic Development on S.B. No. 1600

The purpose of this bill is to require that all proceeds collected by the state parks program from the sales of goods be deposited into the Aina Hoomalu special fund. It also expands the permitted uses of the special fund to include monitoring of resources, determining carrying capacity of resources, and replenishing of products, and appropriates \$100,000 out of the special fund to undertake monitoring of resources and determining the resources' carrying capacities.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources (DLNR).

Your Committee finds that the Aina Hoomalu (Interpretive) Program was established in 1991 within DLNR's Division of State Parks. A major goal of the program is the management of Hawaii's unique and valuable cultural and natural resources found within our state park system. Through interpretation and education, the program provides park visitors with a special awareness and understanding of the resources they are seeing, which in turn, helps to promote respect and protection of those resources for future generations.

The Aina Hoomalu special fund consists of revenues generated by the state park system. By expanding the nature and purposes of the special fund, this measure will assist with the funding for various program needs, including the reprinting of brochures.

Your Committee has amended this measure by deleting the appropriation at the request of DLNR, which instead has requested a \$100,000 increase in its budget request for ceiling authorization in the current fiscal biennium of \$531,064.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1600, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1600, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Bunda, Chumbley, Matsunaga).

SCRep. 529 (Joint) Economic Development and Health and Environment on S.B. No. 1666

The purpose of this bill is to add composting and similar activities which produce soil amendments as permissible activities or uses of land in state agricultural districts.

Your Committees received testimony in support of this measure from the Department of Health, the Department of Agriculture, the Departments of Land Utilization, Public Works, and Planning, City and County of Honolulu, the Hawaii Farm Bureau, Unisyn Biowaste Technology, Nalo Farms, Inc., Takano Nakamura Landscaping, Inc., Flower Farm, Inc., the Hawaii Food Industry Association, Walters, Kumura, Motoda, Inc., and several private citizens. Testimony in opposition to this bill was submitted by Hilltop Equestrian Centre and a private citizen.

Your Committees find that composting can be a viable alternative to traditional waste management and a means to improve the quality of Hawaii's soils.

Composting reclaims the valuable nutrients from green trimmings and other organic waste products to create beneficial natural soil amendments. It also reduces the amount of organic materials disposed of at conventional landfills, which, under current practices, may threaten groundwater resources and generate other forms of environmental contamination. Composting also reduces the use of chemical pesticides and fertilizers by farmers, landscapers, and homeowners.

Your Committees note that several testifiers alleged that composting presents a health threat to near neighbors and the surrounding community. Your Committees find, however, that based upon indications from the Department of Health and other scientific studies on this issue, composting facilities do not pose any unique endangerment to the health and general welfare of the general public. Immunocompromised, asthmatic, and "allergic" individuals, on the other hand, do appear to be at some level of increased risk.

Your Committees have amended this measure by requiring special use permits for composting and similar activities on lots of one acre or more.

As affirmed by the records of votes of the members of your Committees on Economic Development and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1666, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1666, S.D. 1, and be referred to the Committee on Water, Land, and Hawaiian Affairs.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 5 (Bunda, Chumbley, Chun Oakland, Matsunaga, Tam).

SCRep. 530 (Majority) Economic Development on S.B. No. 1843

The purpose of this bill is to provide for the incremental reduction of state funding to the Hawaii Visitors and Convention Bureau (HVCB) to a point where the State provides not more than matching funds.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism. Testimony in opposition to this bill was submitted by HVCB and the Hawaii Hotel Association.

Your Committee finds that the continued success of the visitor industry is vital to the State's economic recovery. As such, the manner in which tourism promotion and marketing is currently funded must be carefully assessed to determine whether it is the most cost-effective and efficient way to meet the State's necessary objectives. This is especially important in light of increased competition from tourist destinations around the globe and the present static forecast for Hawaii's visitor industry.

While other tourist destinations have moved in recent years towards greater private sector participation and funding and tourism promotion, Hawaii has been moving the other way. Initially established as a 50-50 match of public-private funding, the State's share of HVCB funding increased in the 1970s and 1980s to the 70 to 80 percent range. It has since risen to 93 percent, and will increase further to 95 percent if HVCB's current biennium request is approved.

In light of the State's current fiscal situation, we must encourage to the greatest extent possible increased private sector funding for tourism promotion and marketing, especially from sectors of the economy that receive enormous benefits from tourism, but contribute little or nothing to HVCB's efforts.

Your Committee has amended this measure by providing for an alternative formula whereby any additional funds appropriated to HVCB during the ten-year period covered above the amount appropriated for FY1996-1997 shall be matched by private sources on an increasing, incremental basis, beginning with 10 percent during the first year covered. Under the revised formula, for example, 100 percent of any amount appropriated during FY2006-2007 (the last fiscal year covered) in excess of the FY1996-1997 base amount, must be matched by private sources.

Your Committee has also made several conforming amendments and other technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1843, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1843, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, 1 (Kawamoto). Excused, 4 (Iwase, Matsunaga, Solomon, Tanaka).

SCRep. 531 Economic Development on S.B. No. 1889

The purpose of this bill is to create a three-year pilot program to institute a community-based management system in selected small boat harbors.

Your Committee received testimony in support of this measure from the Ala Wai Marina Committee, Kris Tara Jo Sportfishing, Inc., TKC, Incorporated, and many recreational boat owners. Testimony in opposition to the bill was submitted by the Hawaii

Government Employees Association. The Department of Land and Natural Resources submitted testimony in opposition to the bill as introduced, but provided a list of suggested revisions.

Your Committee finds that implementing a system of community-based management may be an effective means of restructuring the State's small boat harbors. It believes, however, that the pilot program created in this bill should be restricted to the Ala Wai Marina, and broader implementation delayed until results of the pilot program are carefully reviewed and analyzed.

Your Committee has amended this bill by:

- (1) Extending the pilot program from three to five years;
- (2) Restricting the pilot program to the Ala Wai Marina;
- (3) Deleting provisions relating to the evaluation and selection of proposals for inclusion in the pilot program, since the program, as amended, is restricted only to the Ala Wai Marina;
- (4) Deleting the community-based task force;
- (5) Clarifying that the Ala Wai Marina will be exempt from Chapter 200, Hawaii Revised Statutes, and rules adopted thereunder, except as otherwise provided in this measure;
- (6) Clarifying that the debt service attributable to the facility shall be determined by, and the books and records of the small boat harbor audited by, the Auditor in accordance with this measure;
- (7) Providing that this measure will not affect the rights of any employees under preexisting collective bargaining contracts;
- (8) Changing the date of the final report to the Legislature from 2000 to 2002; and
- (9) Making several conforming changes and other technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1889, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1889, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Iwase, Matsunaga, Solomon, Tanaka).

SCRep. 532 Health and Environment on S.B. No. 114

The purpose of this bill is to require the Department of Health, upon the request of an owner or lessee of a residence with no piped water from a public water system, to test for a fee, the water in a private water tank that occupies the residential property and supplies drinking water for the owner or lessee, for certain contaminants.

Your Committee heard testimony in favor of this bill submitted by Puna Community Council, Inc. and Community Management Associates. Testimony against this bill was submitted by the Director of Health, Brewer Environmental Industries, Inc., Environmental Laboratory of the Pacific, and AECOS, Inc. The prevailing concern of persons opposing this bill was the impropriety of compelling the Department of Health to compete with private laboratories that provide similar or more extensive water testing services.

Your Committee addressed the concerns of those persons testifying against this bill and amended this bill by:

- (1) Requiring the tests to be conducted either by the Department of Health or a private laboratory;
- (2) Providing for the first one thousand requests for testing to be conducted at no charge to the owner or lessee of the property; and
- (3) Making a technical, nonsubstantive change.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 114, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 114, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 2 (Chun Oakland, Tam).

SCRep. 533 Health and Environment on S.B. No. 139

The purpose of this bill is to allow designated persons to make health care decisions for an incapacitated person who has not executed a health care directive for medical decisions.

Your Committee heard testimony in favor of this bill submitted by the Hawaii Long Term Care Association, Hawaii Medical Association, Hawaii Nurses' Association, Healthcare Association, Society for Social Work Administrators in Health Care, and Hale Nani Rehabilitation and Nursing Center. Testimony against this bill was submitted by Protection and Advocacy Agency of Hawaii, Oahu Alliance for the Mentally Ill, Hawaii Right to Life, Kamuela Chapter, Hawaii Right to Life, Honolulu Chapter, and two concerned citizens.

Many of the organizations testifying in support of the bill recommended the version of this measure embodied in Senate Bill No. 3058, S.D. 2, H.D. 1, which was introduced in the 1996 legislative session. Your Committee agreed with those organizations that Senate Bill No. 3058, S.D. 2, H.D. 1, represented the culmination of invaluable negotiation and discussions and included numerous safeguards which would be beneficial for the protection of incapacitated persons.

Your Committee amended this bill by supplementing the existing terms of the measure with all of the additional provisions in Senate Bill No. 3058, S.D. 2, H.D. 1, and making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 139, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 139, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Chun Oakland, Tam).

SCRep. 534 Health and Environment on S.B. No. 196

The purpose of this bill is to require the Office of Environmental Quality Control (OEQC) to determine whether an environmental impact statement (EIS) will be required for a proposed agency action.

Your Committee heard testimony in favor of this bill submitted by the Sierra Club, Hawaii Chapter and Hawaii's Thousand Friends. Testimony against this bill was submitted by the Department of Accounting and General Services, Department of Transportation, Departments of Public Works for the counties of Honolulu and Kauai, Planning Departments for the counties of Maui and Kauai, Department of Land Utilization for the City and County of Honolulu, Board of Water Supply, Environmental Center, Consulting Engineers Council of Hawaii, Land Use Research Foundation of Hawaii, and Hawaii Island Contractors' Association. The OEQC submitted testimony expressing concern for the propriety of its role in this measure.

Your Committee has adopted language which would keep OEQC out of the process of determining the necessity for an EIS, provide for appeal of those determinations to the Environmental Council, and extend the time in which an aggrieved party may bring suit when an agency determines that an EIS is not needed.

Your Committee amended this bill by restoring the existing process for determining the necessity of an EIS, providing for appeal of those determinations to the Environmental Council, allowing interested parties to appeal the agency's acceptance or nonacceptance of an EIS to the Environmental Council, reducing the time in which to appeal the agency's acceptance or nonacceptance to fourteen days, extending the time in which an aggrieved party may bring suit when an agency determines that an EIS is not needed from thirty days to sixty days, and making technical, nonsubstantive changes for purposes of legislative drafting style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 196, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 196, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 535 Health and Environment on S.B. No. 356

The purpose of this bill is to appropriate an unspecified sum in fiscal year 1997-1998 and in fiscal year 1998-1999, to the Department of Health to provide twenty-four-hour advanced life support ambulance services for the Kula area of Maui.

Your Committee received testimony supporting this measure from the county of Maui, the Kula Community Association, and three interested citizens. Testimony opposing this measure was received from the Department of Health.

Your Committee finds that rapid response of prehospital advanced life support will save lives and reduce morbidity. In out-lying areas where transport times to medical facilities are long, the quicker stabilization is instituted the more likely the patient will have a satisfactory outcome.

Your Committee believes that quick response time for emergency medical services should be available to all citizens no matter where they live.

Your Committee has amended this bill by removing all references to Kula and allowing the department to choose its priorities on a statewide basis.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 356, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 356, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 536 Health and Environment on S.B. No. 379

The purpose of this bill is to establish a mandatory statewide recycling program for glass containers, newspaper, office paper, and corrugated cardboard.

Your Committee received testimony in support of the bill from the Department of Health, who suggested clarifying amendments, and the City and County of Honolulu's Department of Public Works. The Hawaii Food Industry Association opposed the bill.

Your Committee finds that the bill is an expansion of the City and County of Honolulu's current mandatory recycling program for offices, bars, and restaurants.

Your Committee has amended the bill by:

- (1) Reducing the scope of the recycling program by excluding food and beverage establishments and the recycling of glass containers from the application of the bill;
- (2) Making the mandatory recycling program applicable to commercial and industrial buildings twenty thousand square feet or larger if the cost of recycling exceeds that of disposal;
- (3) Adding a section to the new part that would allow the Director of Health to exempt buildings from the recycling requirement;
- (4) Deleting the rulemaking authority section from the bill;
- (5) Allowing the counties to exempt themselves from the mandatory recycling program; and
- (6) Adding a definition of "commercial or industrial building" to chapter 342G, Hawaii Revised Statutes.

Your Committee believes that the bill will help reduce the increasing burden to find more landfill space around the State.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 379, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 379, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 2 (Chun Oakland, Tam).

SCRep. 537 (Majority) Health and Environment on S.B. No. 1082

The purpose of this bill is to amend chapter 128D, Hawaii Revised Statutes (HRS), to allow the funds from the Environmental Response Tax to be used for removal and remedial actions to address all hazardous substances.

Your Committee received testimony in support of this measure from the Department of Health. BHP Hawaii and the Western States Petroleum Association submitted testimony in opposition.

Your Committee finds that due to the increase in response requirements over the past year, including Campbell Industrial Park, a landfill fire in Nanakuli, and "Operation Kokua", the State currently faces a potential shortfall in non-oil funds. The Environmental Response Revolving Fund (ERRF) consists of two accounts, basically oil and non-oil. By the end of the current fiscal year, ERRF will have \$5.3 million in oil tax funds and \$6,250 in non-oil funds.

Your Committee is in agreement that amending chapter 128D, HRS, will provide additional flexibility in ERRF, and allow the State to respond more effectively to environmental threats. Your Committee has made a technical amendment.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1082, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1082, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 2. Noes, 1 (Slom). Excused, 2 (Chun Oakland, Tam).

SCRep. 538 Health and Environment on S.B. No. 1089

The purpose of this bill is to establish the Endangered Species Recovery Act for the purpose of providing flexible mechanisms for voluntary participation by private landowners in the protection and conservation of endangered species and their habitats.

Your Committee heard testimony in favor of this bill submitted by the Chairperson of the Board of Land and Natural Resources, United States Fish and Wildlife Service, University of Hawaii's Lyon Arboretum, the Nature Conservancy of Hawaii'i, McCandless Ranch, and the Kamehameha Schools Bernice Pauahi Bishop Estate. Testimony against this bill was submitted by the Sierra Club Legal Defense Fund, Hawaii's Thousand Friends, Sierra Club, Hawaii Chapter, Hawaii Audubon Society, and Hawaii Island Contractors' Association. The Director of Environmental Quality Control submitted testimony opposing this bill's exemption from the environmental impact statement laws.

Your Committee met with all of the parties interested in this bill on several occasions to develop a negotiated measure which would address the concerns of as many of the participants as possible. The resulting bill is the product that emerged from that process. While far from being a perfect measure, your Committee believes this bill represents an important first step towards achieving an amicable working relationship with private landowners in pursuit of the preservation of endangered species and their habitats.

Your Committee amended this bill by incorporating the numerous recommended changes of the participants representing the regulatory agencies, private landowners, and public interest environmental organizations, and by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1089, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1089, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Chun Oakland, Tam).

SCRep. 539 (Majority) Health and Environment on S.B. No. 1244

The purpose of this bill is to strengthen the protective measures for endangered species.

Your Committee received testimony in support of this bill from the Department of Land and Natural Resources and the Sierra Club. Testimony in opposition was received from Hawaiian Electric Company.

Your Committee finds that Hawaii's diminishing populations of endangered species calls for more statutory protections.

Your Committee has amended this bill by substituting a citizen suits provision that your Committee feels would be more appropriate to address the problem in Hawaii.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1244, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1244, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 2. Noes, 1 (Slom). Excused, 1 (Chun Oakland, Tam).

SCRep. 540 Health and Environment on S.B. No. 1573

The purpose of this bill is to provide that volunteer physicians, nurses, psychological support personnel, emergency medical technicians, and mobile intensive care technicians, engaged in emergency response to a disaster condition or a mass casualty event, shall be deemed public employees entitled to workers' compensation and immunity.

Your Committee received favorable testimony from the Director of Health, the Hawaii Medical Association, and the National Association of Social Workers.

This bill will allow greater flexibility and effectiveness in responding to disaster and mass casualty events when there is a pressing need for immediate response by health professionals. For example, it provides that doctors credentialed at one hospital shall be deemed to be credentialed at another for purposes of responding to such situations. Further, providing these volunteers with immunity and benefits will encourage trained health volunteers to participate in the response to these situations.

Your Committee amended the bill to include social workers who are responding to a disaster or mass casualty event. Technical, nonsubstantive amendments were also made for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1573, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1573, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Chun Oakland, Tam).

SCRep. 541 (Majority) Health and Environment on S.B. No. 1579

The purpose of this bill is to establish the authority to meet the Federal Safe Drinking Water Act Amendments of 1996, in particular, the requirements for State Revolving Loan Funds, public notification, and public water system capacity development.

Your Committee heard testimony in favor of this bill submitted by the Director of Health, Board of Water Supply, Department of Water Supply for the County of Hawaii, University of Hawaii Sea Grant College Program, and West Hawaii Utilities.

Your Committee amended this bill by setting aside an unspecified percentage of the moneys of the fund for use in the geographic regions of the State which are served by water catchment systems, and making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1579, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1579, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 2. Noes, 1 (Slom). Excused, 2 (Chun Oakland, Tam).

SCRep. 542 Health and Environment on S.B. No. 1580

The purpose of this bill is to establish funding for local emergency planning committee (LEPC) activities by including those activities as allowable uses of the environmental response revolving fund (ERRF).

Your Committee heard testimony in favor of this bill submitted by the Director of Health, Department of Transportation, Oahu Civil Defense Agency, County of Hawaii Fire Department, Hawaii Agriculture Research Center, and BHP Hawaii, Inc. Sierra Club, Hawaii Chapter, submitted testimony requesting amendments to the bill. One concerned citizen submitted testimony expressing misgivings about the bill.

Your Committee amended this bill to clarify that funding for the emergency planning and community right-to-know program will continue to come from the general fund, as well as from the environmental response revolving fund. Your Committee also amended this bill by leaving the filing fee amount for chemical inventory forms blank. This amendment was made to advance this measure in a manner which would provide the Committee on Ways and Means greater options for considering ways to fund environmental programs addressing hazardous materials.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1580, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1580, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 543 Health and Environment on S.B. No. 1581

The purpose of this bill is to hasten the cleanup of contaminated sites in the State of Hawaii.

Your Committee received testimony in support of the bill from the Department of Health, the Bank of Hawaii, and the Myers Corporation. The Sierra Club of Hawaii opposed this measure.

The Department of Health testified that over the years, the Department has discovered that current clean up programs within the Department do not meet the needs of all parties. In particular, departmental programs are understaffed, thereby making the Department of Health's participation in environmental investigations and clean ups difficult.

In general, the bill establishes a process by which a qualified person may apply to the Department of Health to participate in the voluntary clean up program by submitting an application and a \$1,000 processing fee. Once the application is approved by the Department of Health, the party will negotiate an agreement specifying the scope of the response action. The Department of Health must also establish a site specific account from which it will fund site specific expenses. Once completed, the Department will issue a Letter of Completion and return any remaining balance in the site specific account to the requesting party. For prospective purchasers and innocent third parties who subsequently acquire the land, the Letter of Completion will specify certain exemptions from future liability for past releases.

Your Committee has amended the bill by:

- (1) Requiring that in order to obtain a letter of completion, the applicant must satisfactorily complete the specified voluntary response action and complete any monitoring required by the Department of Health;
- (2) Expanding the waiver from liability for prospective purchasers who comply with the bill to include that they will be exempt from private suits as well as from actions by the State;
- (3) Making numerous clarifying amendments to more efficiently effectuate the purpose of the bill; and
- (4) Making technical, nonsubstantive amendments.

Your Committee believes that the bill will encourage developers and prospective purchasers to clean up properties, thereby putting the properties back into productive use. Additionally, the bill would allow other parties to clean up properties without government delays.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1581, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1581, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Chun Oakland, Tam).

SCRep. 544 (Majority) Human Resources on S.B. No. 30

The purpose of this bill is to clarify that a public employee who is summoned as a juror or witness in a judicial proceeding shall not be required to take credit against vacation leave for that period.

Your Committee received testimony in support of this bill from the Hawaii State Teachers Association, the Hawaii Government Employees Association, and one private citizen. Testimony submitted by the Department of Human Resources stated that this bill is not necessary.

Your Committee finds that the underlying intent of the existing law is to afford public officers and employees, while on jury duty or while appearing as a witness, paid leaves of absence. This bill is needed to clarify that a public employee should not lose vacation credit or benefits for such service and that a leave of absence with pay be granted to employees performing a civic duty and responsibility.

Your Committee believes that the clarification contained in this bill does no harm to public employees.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 30 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, 1 (Sakamoto). Excused, 1 (Anderson).

SCRep. 545 Human Resources on S.B. No. 235

The purpose of this bill is to appropriate funds to implement the long-term care insurance benefits plan of the Public Employees' Health Fund under Act 334, Session Laws of Hawaii 1989.

Your Committee received no testimony on the bill.

Your Committee finds that the bill would ensure that long-term care insurance is provided for beneficiaries of the Public Employees' Health Fund.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 235 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 546 Human Resources on S.B. No. 262

The purpose of this bill is to allow former employees with ten or more years of service and who have experienced a break in service to re-enter service without loss of any previously earned health fund benefits.

Your Committee received testimony in support of this bill from the Hawaii State Teachers Association. The Hawaii Public Employees Health Fund (HPEHF) was not able to state its position at the time of the hearing because its board was scheduled to meet after the hearing to decide its position, which would make it too late for purposes of making a decision on this bill.

Your Committee finds that Act 269, Session Laws of Hawaii 1996, had the inadvertent effect of creating a disincentive for any former employee with ten or more years of service from returning to government service. They would put in jeopardy their 100% employer-paid health fund benefit that they would receive upon reaching retirement age. This bill would remedy that inequity by excluding those employees who have at least ten years of credited service and who suffer a break in service. This bill would enable these former employees to return to government service without loss of those paid benefits.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 262 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 547 Human Resources on S.B. No. 653

The purpose of this bill is to exempt health care facilities from consideration of criminal conviction records when hiring employees who work with potentially vulnerable patients.

Your Committee received testimony in support of this bill from the Healthcare Association of Hawaii. The Hawaii Nurses' Association submitted testimony in opposition. The Hawaii Civil Rights Commission submitted testimony supporting the concept of the bill.

Your committee finds that consideration of the criminal conviction record of an applicant for a health care position with direct patient contact is a relevant factor in determining the bona fide occupational qualification of that person in health care facilities. Accordingly, we believe a limited exemption should be granted to health care facilities to permit the consideration of criminal conviction in determining whether the applicant is suitable for employment.

Your Committee has amended this bill to proscribe the use of arrest records and to allow a more limited exemption (i.e. for consideration of criminal conviction only). We believe this limitation appropriately balances the interest of privacy and fair employment practice with public safety in the circumstances presented.

As affirmed by the record of votes of the members of your Committee on Human Resources to this report, your Committee is in accord with the intent and purpose of S.B. No. 653, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 653, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 548 (Majority) Human Resources on S.B. No. 1057

The purpose of this bill is to provide that it is an unlawful discriminatory practice to include mandatory arbitration clauses in employment applications or any other employment document for sexual harassment claims against the employer.

Your Committee received testimony in support of this bill from the Hawaii Civil Rights Commission and the Hawaii State Commission on the Status of Women. Testimony in opposition was received from the University of Hawaii Professional Assembly (UHPA), the Chamber of Commerce of Hawaii, and the Grove Farm Company.

Your Committee has reviewed Brown v. KFC National Management Co., 82 Haw 226 (1996) and finds as a matter of public policy that it should be an unlawful discriminatory practice for an employer to require an employee as a condition of hire and of continued employment to give up statutory remedies and the right to a jury trial established by law. Arbitration remains a voluntary undertaking generally and should not be mandated in the civil rights and fair employment practice area.

Your Committee has amended the bill to address concerns raised by UHPA and others on the impact of the measure on arbitrations established under chapter 89, Hawaii Revised Statutes. This bill is not intended to affect arbitration mandated by legislation or as agreed to between labor organizations and employers.

Your Committee has also amended this bill on the recommendation of the Hawaii Civil Rights Commission to statutorily protect in employment contracts certain statutorily conferred employee rights.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1057, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1057, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, 1 (Sakamoto). Excused, 1 (Anderson).

SCRep. 549 Human Resources on S.B. No. 1292

The purpose of this bill is to clarify the method of computing the amount of compensation to be paid an employee who is terminated with an accrued vacation allowance due and owing after June 10, 1997.

Your Committee received testimony in support of the bill from the Department of Human Resources Development.

Your Committee finds that under existing laws and practices, when a state employee is terminated and a decision is made to compensate the employee for accumulated and accrued vacation, the applicable pay rates in effect at the time payment is made are used to compute the amount due and owing. In light of the State's current fiscal condition, your Committee finds that effective June 30, 1997, the computation should be based on the applicable pay rates at the time the employee is terminated. No impact on existing employees is intended under this bill, nor is it the intent of Your Committee to evade bargaining obligations under chapter 89, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1292 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 550 Human Resources on S.B. No. 1294

The purpose of this bill is to provide that all decisions of the State or the counties approving or disapproving employee suggestions for incentive awards shall be final and be a discretionary function.

Your Committee received testimony in support of this bill from the Department of Human Resources Development. The United Public Workers submitted testimony opposing this bill.

Your Committee finds that the amount of employee innovation awards should be relegated exclusively to the sound discretion of the comptroller, administrative director of the courts, and the director of finance of each respective county, as applicable. These officials should be the final arbiter of any dispute which may arise in connection with such awards; provided that the awards programs do not impact on wages, hours, and conditions of employment under law, or else collective bargaining applies.

Your Committee has changed "incentive awards" to "employee innovation awards," and made a technical, nonsubstantive amendment for clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1294, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1294, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 551 Human Resources on S.B. No. 1295

The purpose of this bill is to permit the Director of Human Resources to revise the position classification plan to reflect current methodologies and alternative approaches, where appropriate, to assure timely and appropriate action.

Your Committee received testimony in support of this bill from the Department of Human Resources Development and the Superintendent of Education. Testimony in opposition to the bill was received from the United Public Workers and the Hawaii Government Employees Association.

Your Committee finds that the proper classification and reclassification of positions in government requires prompt and timely action by the Director of Human Resources Development. All too often the process is delayed by bureaucratic requirements and procedures and is not guided by professionally recognized techniques to streamline the delivery of service to make government more

effective. While authorizing the use of such techniques and methodologies, your Committee finds that mandating broad banding and other specific methods of classification are premature and inappropriate.

Your Committee has therefore amended the bill to delete section 3, relating to initial appointments and shortage categories.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1295, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1295, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 552 (Majority) Human Resources on S.B. No. 1765

The purpose of this bill is to confer permanent civil service status upon "temporary employees" of the State and counties who have worked for a period of five or more years prior to the effective date of this Act.

Your Committee received testimony in support of this bill from a private citizen. Your Committee received testimony on this bill from the Department of Human Resources Development which was unable to support this bill.

Based on testimony received from a public employee and the Department of Human Resources Development, your Committee finds that all too often public officers and employees are kept indefinitely on provisional and short term appointments without good cause. Employees who have rendered five years of service or more have a reasonable expectation of continued employment and should be granted tenure. Many temporary employees are already included in bargaining units under chapter 89, Hawaii Revised Statutes, and currently receive wages and benefits of regular employees.

Your Committee believes that where an employer has good cause not to grant tenure the employer should provide written notice to the employee prior to the expiration of the five year period of service and specify its reasons. Where no such notice is given the employee should be automatically granted tenure after five years of service. The employee should be afforded a right to challenge denials of tenure and be afforded a right to a hearing under section 76-47, HRS. "Good cause" is defined as situations where adequate federal funds are absent to ensure continued employment beyond a five year period.

Your Committee has amended this bill to incorporate the tenure requirements and to define tenure consistent with Cleveland Bd. of Education v. Loudermill, 479 U.S. 523 (1985). A tenured employee shall guaranteed the right of due process of law. Under section 76-30, HRS, tenured employees are entitled to hold civil service positions during good behavior, subject to suspension, demotion, or dismissal as provided in section 76-30, HRS.

In order to ensure a smooth transition period this measure will become effective two years from date of enactment and shall apply to all persons with three years of service in provisional and short-term appointments. Thereafter the measure will apply to all persons appointed under section 76-31.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1765, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1765, S.D. 1, and to be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, 1 (Sakamoto). Excused, 1 (Anderson).

SCRep. 553 Human Resources on S.B. No. 1927

The purpose of this bill is to authorize the Health Fund to pay Medicare Part B reimbursements to employee-beneficiaries and their spouses who are enrolled in an employee organization supplemental Medicare plan.

Your Committee received testimony in support of this measure from the Hawaii Government Employees Association, the Hawaii State Teachers Association, the United Public Workers, and the Voluntary Employees' Benefit Association of Hawaii. The Hawaii Public Employees Health Fund submitted comments. The Department of Budget and Finance submitted testimony in opposition.

Your Committee finds that under current law, the Health Fund can only reimburse federal Medicare plan premiums to retirees and eligible spouses enrolled in plans of the Health Fund. Retirees enrolled in employee organization plans are not treated in the same manner, and this inequity discourages participation in organizational supplemental plans to federal Medicare.

Your Committee is in agreement that the loss of this Medicare benefit, which is currently \$43.80 per person per month, may greatly impact retirees already struggling on a fixed income. Your Committee concurs that this amendment would give all retirees the same opportunity as active state and county employees to choose the plan that best fits their individual needs.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1927 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 554 Human Resources on Gov. Msg. No. 149

Recommending that the Senate advise and consent to the nomination of CHESTER C. KUNITAKE to the Hawaii Labor Relations Board, term to expire June 30, 1999.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 555 Commerce, Consumer Protection, and Information Technology on S.B. No. 505

The purpose of this short form bill is to effectuate its title.

Your Committee has amended this bill to add a new section to chapter 514E, Hawaii Revised Statutes, to state that time share information on an Internet web page shall not be considered sales if the units are not located in or sold in Hawaii, the web page contains such a disclaimer, and Hawaii resident must specifically request more information before it will be sent.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the action to report out S.B. No. 505, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 505, S.D. 1, and be recommitted to the Committee on Commerce, Consumer Protection, and Information Technology for further consideration.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 556 Commerce, Consumer Protection, and Information Technology on S.B. No. 512

The purpose of this short form bill is to effectuate its title.

Your Committee has inserted provisions in this bill to amend the physician licensing law to extend the licensing exemption given to commissioned military, federal and out-of-state licensed physicians who are used by a licensed Hawaii physician in actual consultation to include consultations in person, or by mail, electronics, telephone, fiber-optic or other telemedicine means.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the action to report out S.B. No. 512, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 512, S.D. 1, and be recommitted to the Committee on Commerce, Consumer Protection, and Information Technology for further consideration.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 557 Ways and Means on S.B. No. 623

The purpose of this short form bill is to effectuate its title.

Your Committee has amended this bill in line with recommendations contained in the recent Auditor's reports reviewing state special and revolving funds, by inserting language repealing many of these funds and changing the revenue source of each special fund program affected to the state general fund.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the action to report out S.B. No. 623, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 623, S.D. 1, and be recommitted to the Committee on Ways and Means for further consideration.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 5 (Ihara, Iwase, Tam, Tanaka, Taniguchi).

SCRep. 558 Government Operations and Housing on S.B. No. 910

The purpose of this bill is to require, in the procurement of professional services, that the screening committee submit a list of at least three names to the head of the purchasing agency.

Your Committee received favorable testimony from the State Procurement Office which pointed out that under current law the committee is only required to submit three names. The amendment would provide greater flexibility in the screening process. The testimony also suggested conforming amendments to section 103D-304(e), Hawaii Revised Statutes.

Your Committee amended the bill to make conforming amendments to section 103D-304(e), Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 910, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 910, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 559 Commerce, Consumer Protection, and Information Technology on S.B. No. 138

The purpose of this bill is to allow mental health and alcohol and drug abuse treatment insurance benefits to include coverage for treatment by advanced practice registered nurses recognized by the State.

Your Committee received testimony in support of this measure from the Department of Health, the Mental Health Association in Hawaii, the Hawaii Psychological Association, the National Association of Social Workers, the Hawaii Nurses' Association, and three nurses. The Hawaii Association of Marriage and Family Therapists submitted comments.

Your Committee finds that it has been well demonstrated in practice that maximizing the flexibility of delivery of mental health and substance abuse services provided to clients improves effectiveness and access, and lowers the costs of the services. The proposed amendments to chapter 431M, Hawaii Revised Statutes, will increase patient accessibility to much needed mental health and substance abuse treatment, especially in rural and remote areas of the State.

Your Committee understands that the federal government has long recognized licensed practitioners, other than psychiatrists and psychologists, as appropriate and effective providers of mental health treatment. Increased access to qualified professionals is urgently needed as the State implements the Felix v. Waihee plan and seeks to have both child and adolescent and adult mental health services available statewide.

Your Committee is in agreement that this measure is a step in the right direction in meeting these needs. Your Committee concurs with the amendments suggested by the Department of Health and has amended the bill accordingly. Your Committee also has made technical amendments to conform, where appropriate, the language in this bill with language amending the same sections in S.B. No. 656, also heard by this Committee.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 138, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 138, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Slom).

SCRep. 560 Commerce, Consumer Protection, and Information Technology on S.B. No. 226

The purpose of this bill is to require that persons applying to take the architecture registration examination, as of June 30, 2000, complete the intern development program (IDP), which is administered by the National Council of Architectural Registration Boards, in order to be licensed to practice architecture in Hawaii.

Your Committee received testimony in support of this measure from the Board of Professional Engineers, Architects, Surveyors, and Landscape Architects (Board), the AIA Hawaii State Council of the American Institute of Architects, and four individuals. One individual submitted testimony in opposition.

Your Committee finds that historically, most interns were trained by mentors in a daily working relationship that allowed the experienced architect to transfer skills and knowledge to the apprentice. As architecture grew more complex, internships declined and the transition between formal education and architectural registration became more difficult. The IDP was created to remedy this problem and forty-two other states have made IDP a requirement for licensure.

Your Committee also finds that Hawaii architects who wish to practice in other states that require IDP will be in jeopardy of not obtaining a license in that state. According to industry sources, state boards that require the IDP report a dramatic increase in the passing rate of their examination candidates after implementation of the program. Oregon noted an increase in passing rates from 30 percent to 85 to 90 percent. Hawaii's passing rate is usually below 30 percent.

Your Committee supports the amendment requested by the Board, which clarifies the intent to require IDP as all or part of the experience requirement depending on the education of the person. Your Committee has amended the new language to chapter 464-8(b), Hawaii Revised Statutes, accordingly.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 226, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 226, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 561 Commerce, Consumer Protection, and Information Technology on S.B. No. 656

The purpose of this bill is to allow mental health and alcohol and drug abuse treatment insurance benefits to include coverage for treatment by social workers recognized by the State.

Your Committee received testimony in support of this measure from the Hawaii Nurses' Association, the National Association of Social Workers, and a dozen individuals. The Hawaii Association of Marriage and Family Therapists and the Hawaii Psychological Association submitted comments.

Your Committee finds that the addition of licensed social workers to the list of professionals who may provide insured benefits gives the consumer a greater choice of mental health treatment options. This is particularly important in Hawaii's rural areas where there is a large unmet need.

Your Committee also finds that clinical social workers provide approximately 65 per cent of the total mental health treatment in the country. In areas with few treatment facilities, or when clients are unable or unwilling to go to a treatment center, social workers can provide services in the homes and communities of their clients. The National Association of Social Workers testified it has over 1,000 members in Hawaii, on all islands.

Your Committee supports this measure and is in agreement that it will give consumers throughout the State greater options in care and treatment for themselves and their families.

Your Committee has conferred with the Department of Health and the Department of Commerce and Consumer Affairs regarding recommended changes to the language of the bill. At their suggestion, certification pursuant to chapter 321, Hawaii Revised Statutes, has been retained in the bill and the phrase "state licensed" added to refer to the three professions. Your Committee has made technical amendments to conform, where appropriate, the language in this bill with language amending the same sections in S.B. No. 138, also heard by this Committee.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 656, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 656, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Slom).

SCRep. 562 Commerce, Consumer Protection, and Information Technology on S.B. No. 1498

The purpose of this bill is to increase licensing requirements for an acupuncture license, beginning September 1, 2000, and to make technical, nonsubstantive amendments.

Your Committee received testimony in support of this measure from the State Board of Acupuncture (Board).

Your Committee finds that the 1987 Auditor's Sunset Report recommended that applicants for licensure be required to graduate from an acupuncture school accredited or recognized by a government agency such as the U.S. Department of Education. Until recently, the U.S. Department of Education had not recognized such an accrediting body, and implementation of this recommendation has been subsequently delayed. Currently, U.S. acupuncture schools with an Oriental Medicine Curriculum must have an acupuncture program with a total of 2,175 hours of academic and clinical training to be accredited.

Your Committee concurs with the intent of this measure, and its delayed implementation in order to provide for adequate advance notice and a smooth transition. Your Committee has amended this bill to reflect the recommendation of the Board regarding the change in the number of hours for a clinical training program.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1498, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1498, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 563 Commerce, Consumer Protection, and Information Technology on S.B. No. 1504

The purpose of this bill is to amend the insurance rating law to ensure that an employer maintains a safety and health program throughout an entire policy period in order to qualify for an insurance premium discount for that policy period.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that the current statute mandates an insurance premium discount for employers who maintain a safety and health program. However, this discount is effective throughout the entire policy period, even if the employer discontinues the health and safety program during that period. This bill amends section 431:14-103(c), Hawaii Revised Statutes, to require employers to maintain a health and safety program throughout the entire policy period as a requisite to receiving a premium discount.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1504 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Slom).

SCRep. 564 Commerce, Consumer Protection, and Information Technology on S.B. No. 1507

The purpose of this bill is to eliminate the oral examination requirement and to change the format for the written exam from a closed-book exam to an open-book exam for the licensure of psychologists.

Your Committee received testimony in support of this bill from the Department of Commerce and Consumer Affairs. The Hawaii Psychological Association testified in opposition.

Your Committee heard concerns that the oral exam is necessary for the Board of Psychology (Board) to meet the applicants and assess their qualifications. The Association also cautioned that an open-book, take home exam merely indicates a candidate's ability to look up information, as opposed to having it committed to memory.

However, your Committee received information from the Department of Commerce and Consumer Affairs that the current practice of the Board is to administer a written exam and an oral interview. The oral interview serves as an opportunity for the Board to meet

the candidates, and is unrelated to the purposes of licensure. A 1987 Legislative Auditor's Sunset Evaluation Report concurred that the oral examination should be eliminated as it is not used as a basis for denial of licensure.

Additionally, the Department advised your Committee that many boards currently administer open-book exams, which accomplish the same purpose of apprising applicants of their licensing statutes. An open-book examination format would also reduce costs for the Department to administer the examination and for the licensees who have to fly into Honolulu to take the exam.

Your Committee believes that the amendments proposed by this bill do not compromise the integrity of the licensure qualifications and supports the Department's efforts to streamline its licensure requirements.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1507 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 565 Commerce, Consumer Protection, and Information Technology on S.B. No. 1508

The purpose of this bill is to streamline the pre-licensing procedures of the Board of Pharmacy and the Motor Vehicle Industry Licensing Board.

Your Committee received testimony in support of the bill from the Board of Pharmacy and the Motor Vehicle Industry Licensing Board.

Your Committee finds that the bill deletes the pre-licensing inspection requirements of premises and facilities of motor vehicle dealers, motor vehicle auctions, and pharmacies, and enables the Boards of Pharmacy and Motor Vehicle Industry Licensing to accept written reports from their respective licensing applicants in lieu of the pre-licensing inspections.

Your Committee believes that the pre-licensing requirements place an undue burden on both the Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs and the applicants in relation to the actual benefit realized under the mandated activity.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1508 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 566 Commerce, Consumer Protection, and Information Technology on S.B. No. 1509

The purpose of this bill is to delete the high school diploma requirement for the licensing of dental hygienists and nurses.

Your Committee received testimony in support of this bill from the Department of Commerce and Consumer Affairs.

Your Committee finds that the requirement of proof of high school education for dental hygienists and nurses (registered and licensed practical nurses) does not serve any useful purpose and is superfluous. Prior to licensure, these persons must obtain higher degrees or complete programs that in themselves require a high school diploma as a prerequisite for admission.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1509 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 567 Commerce, Consumer Protection, and Information Technology on S.B. No. 1510

The purpose of this bill is to repeal the requirement of notarized signatures on professional and vocational license applications and on certain filings under the condominium property regimes law.

Your Committee received testimony in support of this bill from the Department of Commerce and Consumer Affairs (DCCA) and the Consulting Engineers Council of Hawaii.

Your Committee finds that this repeal proposal is part of an on-going initiative within the DCCA to streamline regulation and eliminate unnecessary procedures required by the Department. Your Committee supports the Department's effort to streamline government regulation and is confident that this repeal does not compromise the integrity of the licensing process.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1510 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 568 Commerce, Consumer Protection, and Information Technology on S.B. No. 1511

The purpose of this bill is to authorize the Board of Examiners of Optometry to accept national board practical examination scores earned after January 1, 1991, to accept equivalent national board practical examination scores earned prior to January 1, 1991, and national board written examination scores earned before December 31, 1986, for applicants with a current and valid out-of-state license.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that the national exams were in existence before the dates adopted by the Board and these amendments will avoid unnecessary and difficult obstacles for out-of-state optometrists seeking a license in Hawaii. The national board routinely provides information on the equivalency of past written and practical examinations at no cost, which will be a benefit for both the applicants and the State.

Your Committee is in support of the intent of this measure to provide more efficient government services.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1511 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 569 Commerce, Consumer Protection, and Information Technology on S.B. No. 1513

The purpose of this bill is to clarify the requirements to restore a license for massage therapy after forfeiture of that license.

Your Committee received testimony in support of this bill from the Board of Massage Therapy

Your Committee finds that a massage therapist who forfeits his or her license for failure to renew the license is currently required to file a new application, undergo additional training, and retake the examination if the license has been forfeited for more than a year. This bill will give the Board of Massage Therapy discretion to determine whether such former licensees possess current knowledge and skills to practice massage therapy. If not satisfied, the Board can require the former licensees to reapply and be reexamined. Your Committee concurs with the Board that this bill will remove artificial obstacles for otherwise qualified individuals.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1513 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 570 Commerce, Consumer Protection, and Information Technology on S.B. No. 1514

The purpose of this bill is to streamline restoration requirements for a forfeited license by lessening restoration requirements and costs, and to establish a recordkeeping fee.

Your Committee received testimony in support of this measure from the Board of Examiners in Optometry.

Your Committee finds that to restore a forfeited license, an optometrist must pay all renewal fees and complete all continuing education requirements for the periods the license was forfeited, in addition to paying a penalty fee.

Your Committee is in agreement with the intent of this measure which would replace excessive fees with a more nominal recordkeeping fee, and require less burdensome continuing education requirements while continuing to assure that the applicant meets competency standards.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1514 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 571 Commerce, Consumer Protection, and Information Technology on S.B. No. 1517

The purpose of this bill is to delete the requirement that a motor vehicle salesperson's employment with a motor vehicle dealer must be the salesperson's principal occupation.

Your Committee received testimony in support of the bill from the Motor Vehicle Industry Licensing Board. The Hawaii Automobile Dealers' Association opposed the measure.

Your Committee believes the existing principal occupation requirement is unduly restrictive as it appears to regulate the amount of time a person must work in order to pursue this licensed occupation.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1517 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 572 Commerce, Consumer Protection, and Information Technology on S.B. No. 1518

The purpose of this bill is to streamline the process for license and registration of real estate brokers and condominium hotel operators.

Your Committee received testimony in support of this measure from the Real Estate Commission and the Legislative Committee of the Hawaii Association of Realtors.

Your Committee finds that this bill provides for additional flexibility for the industry. Current law requires a real estate brokerage firm to change its name if the named person is no longer affiliated with the firm for any reason, including death or disability. The proposed amendments would allow the firm to retain the name in these circumstances, an important consideration in an industry where name recognition is important.

Your Committee notes the bill also provides additional options for real estate brokerage names, and allows applicants to provide a certification statement from an insurance company as an option to providing evidence of fidelity bonds.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1518 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 573 Commerce, Consumer Protection, and Information Technology on S.B. No. 1519

The purpose of this bill is to eliminate the requirement that one of the Board of Public Accountancy members shall be a public accountant in active practice and to amend the licensure requirements for public accountancy practice.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and the Internal Revenue Service.

Your Committee was advised that since the 1960s, when the practice of licensing public accountants was discontinued, the number of licensed public accountants has dwindled to 50 licensees, as opposed to over 2,000 certified public accountants that are currently licensed to practice in Hawaii. Retaining the requirement that one Board member be a licensed public accountant is becoming increasingly difficult given the small pool of qualified applicants.

Your Committee also received information that under current law, qualifying for licensure requires work experience performed while employed at a public accountancy firm. However, your Committee finds that many employees in the public sector perform similar work, yet cannot qualify for the work experience exemption for certification. The amendments made in this bill allow public employees in state and federal government to substitute government experience towards licensure. Your Committee concurs with the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1519 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 574 Commerce, Consumer Protection, and Information Technology on S.B. No. 1520

The purpose of this bill is to allow dental hygienists to be certified in the administration of block anesthesia, and to delete language inferring that passage of the dental hygiene examination is dependent on the Board of Dental Examiners' opinion.

Your Committee received testimony in support of this measure from the Board of Dental Examiners (Board) and the Hawaii Dental Hygienists' Association.

Your Committee finds that currently dental hygienists must be certified in the administration of intra-oral infiltration local anesthesia, and the administration of block anesthesia is an extension of this procedure. Certification of block anesthesia is available at dental hygiene schools and workshop courses. Your Committee concurs that this procedure would enhance patient treatment because block anesthesia takes effect faster, lasts longer, and provides more comfort.

Your Committee is also in agreement with the proposed amendment to delete the statutory language which infers that passage of the licensure examination is dependent on the opinion of the board, when in actuality there are established examination standards, guidelines, and procedures which require no board action.

Your Committee has amended this bill to include an amendment to section 447-3(b), Hawaii Revised Statutes, which adds additional references to block anesthesia, as requested by the Board

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1520, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1520, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 575 Commerce, Consumer Protection, and Information Technology on S.B. No. 1523

The purpose of this bill is to streamline the application, examination, and licensing process for Hearing Aid Dealers and Fitters, by among other things, repealing the Board of Hearing Aid Dealers and Fitters (Board) and transferring relevant program administration to the Department of Commerce and Consumer Affairs (DCCA).

Your Committee received testimony in support of this measure from DCCA.

Your Committee finds that the repeal of the Board and transfer of program administration to DCCA are in line with recommendations contained in sunset evaluations performed in 1985 and 1994. Other changes contained in this measure will give DCCA more flexibility in administering the program.

Your Committee notes that DCCA indicated in its testimony that the Board concurs that the standards for licensure of hearing aid dealers and fitters are so clearly defined that DCCA can manage the entire regulatory program.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1523 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 576 Commerce, Consumer Protection, and Information Technology on S.B. No. 1524

The purpose of this bill is to repeal the publication of notice requirement for Board of Dental Examiner's ("Board") examinations and the requirement of photographs and affidavits for applications submitted by foreign dental school graduates.

Your Committee heard testimony in favor of this bill submitted by the Board of Dental Examiners.

Your Committee finds that publication of Board examination notices in a newspaper of general circulation in the State is unnecessary, costly, burdensome, time-consuming, inconsistent with other professional licensing requirements, and all applicants receive the information directly. Your Committee concurs with the testimony of the Board that imposing the additional requirements of a photograph and affidavit for applications submitted by graduates of foreign dental schools is cumbersome, unnecessary, and may be discriminatory.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1524 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 577 Commerce, Consumer Protection, and Information Technology on S.B. No. 1525

The purpose of this bill is to change the date for contractor license renewal from April 30 to September 30 of each even-numbered year.

Your Committee received testimony in support of this measure from the Contractors License Board.

Your Committee finds that contractors are required to submit tax clearances or evidence of having entered into a payment arrangement plan to satisfy tax delinquencies with the Department of Taxation to renew their licenses. The current date of expiration, April 30 of each even-numbered year, coincides with income tax filings and requirements of other businesses, such as liquor licensees, to obtain tax clearances.

This measure will lessen inconvenience to contractors and shift departmental workloads to a less hectic period of the year.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1525 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 578 Commerce, Consumer Protection, and Information Technology on S.B. No. 1531

The purpose of this bill is to make housekeeping changes to the law regulating professional engineers, architects, surveyors, and landscape architects by repealing outdated provisions and unnecessary procedures.

Your Committee received testimony in support of this measure from the Board of Professional Engineers, Architects, Surveyors, and Landscape Architects (Board) and the Hawaii Society of Professional Engineers.

Your Committee finds that these amendments repeal exemptions dating to 1923 and 1971 that are not longer necessary, repeal possibly discriminatory provisions relating to age and unnecessary provisions, delete references to the Board for mailing of notices, and repeal the requirement to file names of responsible persons for a corporation or copartnership with the Board since only individuals are licensed.

Your Committee agrees with the intent of this measure to streamline government for greater efficiency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1531 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 579 Commerce, Consumer Protection, and Information Technology on S.B. No. 1532

The purpose of this bill is to increase the time period given to applicants to request a contested case hearing from thirty days to sixty days.

Your Committee received testimony in support of this measure from the Board of Private Detectives and Guards.

Your Committee was advised that this bill will bring section 463-4, Hawaii Revised Statutes, in line with section 91-13.1, Hawaii Revised Statutes. Your Committee agrees with the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1532 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 580 Commerce, Consumer Protection, and Information Technology on S.B. No. 1536

The purpose of this bill is to repeal the Board of Examiners of Nursing Home Administrators, but maintain regulation and licensing of nursing home administrators as a program administered by the director of the Department of Commerce and Consumer Affairs.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and the Hawaii Long Term Care Association.

Your Committee finds that repeal of this board will in no way diminish the standards for the long term care profession, nor will it adversely affect public health and safety with regards to nursing homes. The nursing homes in Hawaii are strictly regulated by federal laws and guidelines and enforced through responsibilities the State will continue to carry out under the director of the Department.

Your Committee is in accord with the intent of this bill to streamline government operations without negatively impacting the protection of Hawaii's consumers. Your Committee has made technical, nonsubstantive amendments to conform statutory language and for drafting style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1536, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1536, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 581 Commerce, Consumer Protection, and Information Technology on S.B. No. 159

The purpose of this bill is to amend sections 453-5.3 and 453-5.4, Hawaii Revised Statutes (HRS), to change the term "certified" to "licensed" with regard to qualifications of a physician assistant under this chapter.

Your Committee received testimony in support of this bill from the Board of Medical Examiners, Hawaii Medical Association, Hawaii Academy of Physician Assistants, Hale Le'a Family Medicine, Bay Clinic Community Health Center, and Pahoehoe Family Health Center.

Your Committee was advised that the Board of Medical Examiners is currently promulgating rules relating to the prescriptive authority of "certified" physician assistants. However, section 328-1(16), HRS, states that a practitioner to prescribe drugs within the scope of the person's practice must be a "licensed" individual. Additionally, there is a national trend within the medical profession to use the title "licensed" as opposed to "certified".

Your Committee was assured that the term "licensed" in no way diminishes the standards or qualifications required by physician assistants and agrees with the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 159 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Chun Oakland, Solomon).

SCRep. 582 Commerce, Consumer Protection, and Information Technology on S.B. No. 1901

The purposes of this bill are to prohibit overselling, or selling the right to use more weeks or nights than are available in a time share plan, and to assure the right and practical ability of each owner to use a time share unit for the maximum number of nights to which the owner is entitled.

Your Committee received testimony in support of this bill from the Department of Commerce and Consumer Affairs, the ILWU Local 142, and two individuals. The American Resort Development Association, the Hilton Grand Vacations Company, the Bay Club at Waikoloa Beach Resort, and one individual had no objection to the bill, but felt the law or current practice in the industry adequately protects the consumer from developers who would oversell use of time share units.

Your Committee is concerned about the potential negative impacts of overselling on the industry. For example, your Committee heard testimony regarding a developer who proposed to sell 52 weeks per year while reserving the right to rent up to five additional weeks per year, and other developers who propose to sell time share memberships for fifty years when the remaining term of the leases for the units is less than thirty years.

Your Committee finds that these abuses can be avoided by establishing classes of time share units, and by imposing a one-to-one use-right to use-night requirement on all time share plans and by establishing criteria to determine whether the requirement is met.

Your Committee concurs that the bill, as drafted, was unclear in meeting this intent. Your Committee has amended the bill substantially to establish the following criteria for determining whether the one-to-one requirement is satisfied:

- (1) If the time share plan establishes more than one class of time share interest, the one-to-one requirement must be satisfied within each class. Time share instruments would not permit an owner entitled to a two-bedroom unit to downgrade to a one-bedroom unit unless the one-to-one requirement is satisfied by permitting a corresponding upgrade.
- (2) Only use nights in units protected from blanket liens for the life of the time share plan can be counted to meet the requirement. For time share interests divided into classes, there must be enough nights in the units to support each class and these must be free of blanket liens for the duration of that class.
- (3) If the developer has use rights beyond those of a non-developer owner, or if a third party has the right to use the time share units, the units will not be considered "available for use" by the owners during those time periods.
- (4) An exception allows the association or plan manager to reserve and use a unit to perform maintenance and repair. Although the unit will be unavailable during the maintenance period, this will not be considered when applying the test. While developers may choose to sell all 52 weeks, this will permit the association to take advantage of the likelihood that some owners will fail to make reservations.
- (5) Currently, many time share plans permit an owner to borrow a week from the coming year or to save a week for use in a later year. The bill permits this practice if it is not used to evade the requirement and is appropriately balanced and restricted.

The bill also permits the association or developer to rent time not reserved sixty days in advance.

Your Committee also has amended section 514E-1, Hawaii Revised Statutes, to add a definition for the term "one-to-one use-right to use-night requirement".

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology, that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1901, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 1901, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 583 Health and Environment on S.B. No. 1571

The purpose of this bill is to substitute the term "delayed" with "late" in connection with vital statistics event registration requirements and procedures and to prohibit the disclosure of vital statistics index data.

Your Committee heard testimony in favor of this bill submitted by the Director of Health. The Office of Information Practices submitted testimony taking no position on the bill but noted that prohibiting disclosure of index data reduces the public's access to information.

Your Committee is aware that a companion measure is simultaneously advancing through the House of Representatives with no amendments to date. Your Committee is not convinced that a complete prohibition of the disclosure of index data is warranted to address the concerns of the Department of Health. Accordingly, your Committee has amended this bill by deleting the repeal of section 338-18(d), Hawaii Revised Statutes. By amending this bill and removing the prohibition, your Committee encourages further discussions between the Office of Information Practices and the Department of Health, to be completed prior to the end of this

legislative session, to determine the necessity of the prohibition and to consider less drastic measures to stem the use of index data for fraudulent purposes.

Your Committee has also made technical nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1571, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1571, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 584 Transportation and Intergovernmental Affairs on S.B. No. 1617

The purpose of this bill is to include within chapter 102, Hawaii Revised Statutes, parking lots in the definition of concession.

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

Your Committee finds that parking lots on state property function exactly the same as any other state awarded concession. However, since parking lots are not, by definition, considered a concession, they do not fall under the same contract procedures that all other concessions must adhere to, such as the issuance of leased state property. The intent of this bill is to allow parking lot contracts with the State to address the issue of leased property on state land as defined in chapter 103D, Hawaii Revised Statutes.

Your Committee has made technical, nonsubstantive changes to this bill.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1617, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1617, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 585 Transportation and Intergovernmental Affairs on S.B. No. 1620

The purpose of this bill is to repeal chapter 286A, Hawaii Revised Statutes, the Vehicle Equipment Safety Compact.

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

Your Committee finds that the current motor vehicle safety compact is an antiquated system that is no longer in existence. The commission that was established to legally join other jurisdictions to form a vehicle equipment approval program was disbanded in 1984. Therefore, your Committee finds it fit to delete this unnecessary law.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1620 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 586 (Majority) Transportation and Intergovernmental Affairs on S.B. No. 1621

The purpose of this bill is to allow the Director of Transportation to permit certain vehicles to use high occupancy vehicle lanes under certain circumstances regardless of the number of occupants in the vehicle.

Your Committee received testimony in support of this bill from the Department of Transportation and the Leeward Oahu Transportation Management Association.

Your Committee finds that there exists certain circumstances where the Director of Transportation should have the flexibility to modify high occupancy vehicle lane occupancy requirements for certain vehicles when necessary for public safety reasons. This bill is intended to give the Director that flexibility.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1621 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 1 (Slom). Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 587 Human Resources on S.B. No. 560

The purpose of this bill is to prohibit employment discrimination against persons receiving public assistance or general assistance.

Your Committee received testimony in support of this bill from the Department of Human Services, Civil Rights Commission, and Legal Aid Society.

Your Committee believes this bill would enhance the opportunities of welfare recipients to obtain work and get themselves off welfare. Your Committee finds that employers may be unwilling to hire welfare recipients who need to be employed, particularly in view of the newly imposed work requirements.

Your Committee has amended this bill on the recommendation of the Legal Aid Society to conform the terminology to generally accepted terms relating to public assistance.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 560, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 560, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Sakamoto, Anderson).

SCRep. 588 Human Resources on S.B. No. 1300

The purpose of this bill is to clarify the method of providing notice of hearings for unemployment compensation appeals.

Your Committee received testimony in support of this administration bill from the Department of Labor and Industrial Relations.

Your Committee finds that current law is silent on how the notice of appeal hearings is to be made, and this bill clarifies the law by providing for written notice to be mailed.

Your Committee has amended this bill to provide that a second written notice shall be sent by certified mail if the first notice was not received by the claimant or a party and that the hearing be rescheduled accordingly.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1300, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1300, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Sakamoto, Anderson).

SCRep. 589 Human Resources on S.B. No. 1556

The purpose of this bill is to authorize the Hawaii Housing Authority to waive time limits within which a provider agency must provide shelter or program assistance to eligible homeless families and individuals if repairs and maintenance are required to make a shelter habitable.

Your Committee received testimony in support of this bill from the Department of Human Services and the Hawaii Housing Authority.

Your Committee finds that this bill will provide some flexibility in the turn around time allowed for shelter units that may require extensive repair or maintenance work that cannot be easily accommodated in two to seven days.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1556 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Sakamoto, Anderson).

SCRep. 590 Commerce, Consumer Protection, and Information Technology on S.B. No. 835

The purpose of this bill is to provide peer review protection to physicians in a managed care organization.

Your Committee received testimony in support of this bill from the Hawaii Medical Association, the Hawaii Medical Service Association, and Queens Health Plans.

Your Committee finds that extending peer review protection to physicians practicing in health maintenance organizations, preferred provider organizations or preferred provider networks is both appropriate and necessary to ensure that the public derives the quality improvement benefits that result from effective peer review activities.

Your Committee notes that these entities did not exist when the original law passed. Your Committee supports the intent of this bill to extend the same peer review protection for physicians in these organizations.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 835, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Chun Oakland, Solomon).

SCRep. 591 Transportation and Intergovernmental Affairs on S.B. No. 1943

The purpose of this bill is to authorize the issuance of special motor vehicle license plates for combat veterans.

Your Committee received testimony in support of this bill from the Office of Veterans Services. Your Committee also received testimony in support of the intent of this bill from the Department of Finance of the City and County of Honolulu.

Your Committee finds that it would be a great honor to individuals who served in combat to be recognized for their actions in defending our nation's ideology. Combat veterans just like any other veteran, share a special bond of camaraderie with one another. The issuance of special license plates recognizing their efforts is a small token of appreciation the State can bestow that would remind veterans, and non-veterans alike, of the friendship that is borne during life's hostilities.

Your Committee has amended this bill to authorize the issuance of special license plates to veterans of the Vietnam conflict, veterans of World War II, and veterans of the Korean conflict.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1943, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1943, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 592 Government Operations and Housing on S.B. No. 1464

The purpose of this bill is to provide that the Housing Finance and Development Corporation (HFDC) may waive the owner-occupancy requirement for up to three years with respect to homeowners who have purchased a home under HFDC's Hula Mae program.

Your Committee received favorable testimony from HFDC which indicated that this measure was necessary to provide homeowners relief from unanticipated events resulting from, for instance, medical or employment circumstances. If, for example, a homeowner had to relocate for employment reasons, the lack of provision for a waiver could cause unnecessary hardship. The homeowner would be at risk of default which could accelerate all payments. Further, the waiver is consistent with the waiver provided to homeowners who purchase dwelling units from HFDC.

Your Committee amended this bill to reduce the potential for abuse by providing that the waiver would only apply to those homeowners in the process of selling or transferring their property.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1464, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1464, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 593 Commerce, Consumer Protection, and Information Technology on S.B. No. 1222

The purpose of this bill is to clarify that a collection agency may not fail to disclose clearly in initial written or oral communications made to collect or to obtain information about the debtor that the information may be used to collect the debt.

Your Committee received testimony in support of this bill from the Collection Agencies Program of the Department of Commerce and Consumer Affairs, Credit Associates of Maui, Credguard Corporation, Hawaii Collectors Association, and Select Consulting Service.

Your Committee has amended this bill on recommendation of the Department of Commerce and Consumer Affairs to change "initial written or oral communication" to "initial written and oral communication" to comply with the federal Fair Debt Collection Practices Act.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1222, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1222, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 594 Commerce, Consumer Protection, and Information Technology on S.B. No. 135

The purpose of this bill is to define the practice of optometry to include the diagnosis, treatment, and management of eye diseases; the use and prescription of pharmaceutical agents; and the removal of superficial foreign bodies from the eye and the eyelids; and to change the effective date of Act 292, Session Laws of Hawaii (SLH) 1996, from July 1, 1999, to July 1, 1997.

Your Committee received testimony in support of this measure from the Board of Examiners in Optometry, the Hawaii Optometric Association, the American Association of Retired Persons, and two dozen individuals. The Hawaii Ophthalmological Society, the Hawaii Medical Association, and a dozen individuals submitted testimony in opposition.

Your Committee finds that the amendments proposed in this bill clarify optometrists' expanded scope of practice for the use of therapeutical pharmaceutical agents (TPA) approved pursuant to Act 292, SLH 1996. The bill would also allow a therapeutically certified optometrist to complete the required 100 hours of practical experience under a board-certified clinical program, rather than an

ophthalmologist licensed under chapter 453, Hawaii Revised Statutes, and clarify the composition of the joint formulary advisory committee. In addition, the bill amends the effective date of Act 292, SLH 1996.

Your Committee notes that the broad issue of optometrists' expanded scope of practice was discussed extensively prior to the passage of Act 292, SLH 1996. Your Committee believes the amendments in the current bill, which clarify that scope of practice, are well considered and provide for more effective implementation of the practice. Your Committee also concurs that implementing this expanded scope of practice in 1997 will not affect public safety.

Your Committee has heard the concerns expressed by the Hawaii Ophthalmological Society and others and has amended this bill to:

- (1) Prohibit refractive and therapeutic laser surgery by amending section 459-1, Hawaii Revised Statutes (HRS);
- (2) Delete the proposed language which would allow the one-hundred hours of practice under a board certified clinical program by amending section 459-7.4(b), HRS; and
- (3) Further clarify the intent to include ophthalmologists in the composition of the joint formulary advisory committee, by amending section 459-7.4, HRS.

Your Committee also has made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 135, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 135, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 595 Commerce, Consumer Protection, and Information Technology on S.B. No. 160

The purpose of this bill, as received, is to amend the definition of "practitioner" under Chapter 328, Hawaii Revised Statutes, the State's food, drug, and cosmetics law, to include, in addition to persons duly licensed, persons otherwise authorized by Hawaii law to prescribe prescription drugs.

Your Committee received written testimony in support of this measure from the Department of Health, with certain recommendations, The Bay Clinic Community Health Center, and the Board of Medical Examiners, Department of Commerce and Consumer Affairs.

Your Committee is in accord with the intent and purpose of this measure and believes that it will enhance the delivery of vital health services to the people of Hawaii.

Your Committee has amended this bill by:

- (1) Clarifying the definition of "practitioner" to make it uniform with S.B. No. 1561, an administration bill which also contains this definition; and
- (2) Making several other technical amendments at the suggestion of the Department of Health.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 160, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 160, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Solomon, Slom).

SCRep. 596 Commerce, Consumer Protection, and Information Technology on S.B. No. 161

The purpose of this bill is to exempt Department of Education after-school, weekend, and summer recess programs from regulation as child care facilities.

Your Committee received written testimony supporting this measure from the Department of Education.

Your Committee finds that the Department of Education has a wealth of experience in instructing and monitoring children. The Department has always taken the health and safety precautions necessary for the well-being of our children, and set policies, regulations, and procedures for teachers and staff to follow as well as set facility specifications that help to ensure a safe environment for children.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 161, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Solomon, Slom).

SCRep. 597 Commerce, Consumer Protection, and Information Technology on S.B. No. 193

The purpose of this bill is to clarify that a person seeking to obtain motorcycle insurance liability coverage as required by law must have enrolled in and passed a motorcycle education course that meets the Motorcycle Safety Foundation standards and is approved by the Department of Transportation or any branch of the armed services of the United States.

Your Committee received testimony in support of this bill from the Street Bikers United, Carr's Insurance Agency (providing motorcycle insurance to some 8,000 Hawaii residents), and four private individual motorcyclists. The State Department of Transportation (DOT) submitted testimony in opposition to this bill, because the bill is not necessary since the DOT has authority to accredit motorcycle courses statewide.

Under current law, a person is required to pass a course approved by the Department of Transportation. Your Committee finds that the Motorcycle Safety Foundation standards, provides a reliable guideline to judge the quality of a motorcycle education course, which is sufficient for insurance purposes. Allowing courses approved by any branch of the military would broaden the availability of courses.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 193 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 598 Commerce, Consumer Protection, and Information Technology on S.B. No. 223

The purpose of this bill is to clarify the laws relating to the purchase of liquor by a class 14 brewpub licensee. Specifically, the bill:

- (1) Amends the definition of "retail licensee" to include licensees holding a class 14 license;
- (2) Imposes conditions levied by the Departments of County Planning and Public Works on the sale of malt beverages manufactured by the brewpub and sold in brewery-sealed packages to wholesale dealers; and
- (3) Clarifies the source of liquor for consumption on the brewpub premises as those purchased from a class 1 manufacturer licensee, or a class 3 wholesale dealer.

Your Committee received testimony supporting this measure from the Maui Department of Liquor Control.

Your Committee finds that the original intent of the legislature when it enacted the brewpub licenses law was to preserve the three tier system which allows only wholesale licensees (class 1 or class 3 licensees) who pay liquor taxes to import intoxicating liquors. Class 14 brewpub licensees are allowed to sell intoxicating liquors that are purchased from a class 3 or a class 1 licensee. Clarification of the law as drafted is needed to preserve the legislature's original intent.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 223 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 599 Commerce, Consumer Protection, and Information Technology on S.B. No. 512

The purpose of this bill is to amend section 453-2(b), Hawaii Revised Statutes (HRS), to include in-person, mail, electronics, telephone, fiber-optic, or other telemedicine consultation with a licensed practitioner in another state.

Your Committee received written testimony from the Board of Medical Examiners stating no objections to the bill.

Your Committee believes this bill will provide flexibility for consumers with regard to physician consultations, by adding additional forms of consultation to take advantage of communications technology.

Your Committee does have concerns regarding licensure of out-of-state physicians who provide consultation to patients in this State, and has amended the bill accordingly, by adding a new section to chapter 453, HRS, to give out-of-state physicians a limited and temporary license to maintain patient services for a Hawaii licensed physician who is unable to do so due to vacation, illness, or training. Your Committee has also made technical amendments to section 453-2(b), HRS, to substitute the word "physician" for "practitioner".

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 512, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 512, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 600 Commerce, Consumer Protection, and Information Technology on S.B. No. 680

The purpose of this bill is to expressly allow condominium associations to use a cash flow method to calculate their reserve fund requirements; and to provide that an association disclose whether the amount the association collects for the fiscal year was calculated by the percent method, or the cash flow method, and that the plans or methods not circumvent the estimated replacement reserves determined by the reserve study.

Your Committee received written testimony in support of the bill from the Community Associations Institute and a private citizen.

Presently the law appears to only permit the percent method to calculate reserves, that is the ratio, at a specific time, of the actual reserve balance to the fully funded balance expressed as a percentage. The percent method often results in fluctuating and unnecessarily high maintenance fees.

The cash flow method allows the condominium association to examine the financial effect of the budgeted reserve contributions and estimated expenses over a minimum twenty year period. If the estimated reserves in each of the twenty years is sufficient to pay the estimated expenses for that year the fund is considered to be fully funded. The benefits of the cash flow method are that: it creates a more accurate budget, puts less of a burden on the homeowners maintenance fees, provides for immediate 100 percent funding, and presents the budget in more understandable terms for owners, and buyers.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 680, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 601 Commerce, Consumer Protection, and Information Technology on S.B. No. 984

The purpose of this bill is to establish a Health Care Consumer Protection Act which requires insurers to provide annual notice to current enrollees apprising them of the extent of their insurance coverage and to cover necessary and appropriate medical services.

Your Committee received written testimony in support of the measure from the Hawaii Medical Association. The Hawaii Medical Service Association provided conceptual support but had concerns over perceived ambiguities in the bill. The Department of Commerce and Consumer Affairs' Insurance Division supplied comments on the bill.

Your Committee finds that the bill establishes a Health Care Consumer Protection Act to be administered by the Department of Health that mandates:

- (1) Insurers to provide notice to current enrollees anytime changes to coverage are made;
- (2) Written disclosure of policy coverage to new or prospective enrollees; and
- (3) Insurers to cover medically necessary and appropriate services.

Your Committee believes that the bill will provide consumers with adequate protection from potentially detrimental changes in health care insurance coverage.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 984, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 602 Commerce, Consumer Protection, and Information Technology on S.B. No. 1303

The purpose of this bill is to allow volunteer firefighters, when working in that capacity, to obtain the same insurance rate benefits as county firefighters.

Your Committee received written testimony in support of this measure from the Department of Labor and Industrial Relations, the Honolulu Fire Department, and the Hawaii Fire Chiefs Association.

Your Committee finds that equitable treatment of insurance rates for paid and volunteer firefighters after appropriate training will help to attract more volunteer firefighters, especially in vast rural areas, where they are badly needed. It will also encourage other volunteer programs in the State and reduce the cost of government.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1303 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 603 Commerce, Consumer Protection, and Information Technology on S.B. No. 1363

The purpose of this bill is to expand the locations where residents with limited and temporary licenses may train in order to meet the Accreditation Council for Graduate Medical Education's training standards.

Your Committee received written testimony in support of this measure from the John A. Burns School of Medicine, Department of Psychiatry, Hawaii Residency Programs, Inc., Healthcare Association of Hawaii, Hawaii Medical Association, and the Board of Medical Examiners, Department of Commerce and Consumer Affairs.

Your Committee finds that this bill will allow medical residents to meet applicable licensure requirements while training in health care facilities other than hospitals. This is consistent with current health objectives in residency programs that emphasize preventive medicine, maintenance of good health, and health education that are best delivered in the communities where the patient resides.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1363 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 604 Human Resources on S.B. No. 1554

The purpose of this bill is to provide for an expedited appeals process for cases heard by the Hawaii Housing Authority (HHA) for termination of leases and for eviction of tenants.

Your Committee received testimony in support of this bill from the HHA and one private individual.

Your Committee finds that the Board of Commissioners of the HHA currently hears all appeals of the HHA. The HHA testified that this is cumbersome and has resulted in a delay in evictions, resulting in a backlog of cases that go for 8 to 10 months before eviction. This bill proposes to allow the HHA to hear and decide appeals by a hearings officer, executive director, or appeals board appointed by the HHA. Therefore, this bill allows the HHA more flexibility in handling appeals.

Your Committee has amended this bill by clarifying that the expedited appeals procedure may be undertaken notwithstanding chapter 91, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1554, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1554, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Baker, Fukunaga, Anderson).

SCRep. 605 Transportation and Intergovernmental Affairs on S.B. No. 382

The purpose of this bill is to allow the examiner of drivers to waive actual demonstration of ability to operate a motorcycle or motor scooter upon showing proof of completion of a motorcycle or motor scooter education course.

Your Committee received testimony in support of this bill from the Department of Finance of the City and County of Honolulu, Street Bikers United, Carr's Insurance Agency and three private citizens. The Department of Transportation submitted testimony in support of the intent of this bill.

Your Committee finds that the course offered by the Motorcycle Safety Foundation is more stringent and comprehensive than the road examination requirements for drivers licensing. Your Committee has heard testimony from all sides stating that upon completion of an educational course, motorcycle and motor scooter drivers have shown that they understand the operation and safety precautions necessary to be responsible riders.

Your Committee has amended this bill by adding a new section requiring the Director of Transportation to review the skill test included in all motorcycle and motor scooter education courses in the State approved by the Motorcycle Safety Foundation to determine which courses qualify for the waiver provided in this bill and report findings to the legislature.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 382, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 382, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 606 Transportation and Intergovernmental Affairs on S.B. No. 169

The purpose of this bill is to permit special license plates of alphabetical letters up to seven positions, so that place names or personal names would be allowed as an alternative to license plates with six letters and numbers, plus an optional hyphen.

Your Committee received comments from the Department of Finance of the City and County of Honolulu.

Your Committee finds that alternate means of funding is needed by counties. In many other states, special license plates with only alphabetical letters are permitted. This permits additional combinations of letters and words, which encourages more members of the public to apply for these license plates, thus providing another source of much needed income. Hawaii presently allows a six-position special license plate containing a choice and arrangement of letters and numbers, plus one hyphen.

Your Committee has amended this bill by changing the effective date to January 1, 1998, to allow the Department of Data Systems to complete their study for an estimate of the programming costs to change the present motor vehicle computer file. Your Committee understands concerns regarding the cost of implementation for the new vanity plates and finds it necessary to add an unspecified fee for special number plates with seven letters to be determined upon the submission of information to the legislature by the Director of Finance. The Director is requested to advise the legislature before the passage of this bill of the appropriate fee. Technical, nonsubstantive changes were made for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 169, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 169, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 607 (Majority) Transportation and Intergovernmental Affairs on S.B. No. 1160

The purpose of this bill is to require that the Department of Transportation adopt rules for the registration of electric vehicles, and issue special license plates for these vehicles. The bill also exempts electric vehicles from parking fees, high occupancy vehicle restrictions, and waives registration and other fees for a period of ten years from the effective date of this Act.

Your Committee received testimony supporting this bill from Hawaiian Electric Company, Inc., the High Technology Development Corporation, and the Department of Business, Economic Development, and Tourism.

Your Committee finds that a number of no-cost or low-cost incentives designed to promote the utilization of electric vehicles are needed to entice consumers away from fossil fuel dependent vehicles that pollute our air and ensure our dependence on foreign oil.

Your Committee further finds that the major automakers are introducing electric vehicles this year and investing hundreds of millions of dollars in research and development to achieve performance specifications to meet consumer demands. However, high sticker prices due to technology limited production levels require the imposition of incentives.

Your Committee has amended this bill by reducing the ten year fee waiver period to five years and including a review period every two year to determine the correct level of incentives for the programs continuation. Your Committee has also amended the bill by making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1160, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1160, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, 1 (Slom). Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 608 Transportation and Intergovernmental Affairs on S.B. No. 1668

The purpose of this bill is to authorize the Director of Transportation and the counties to prohibit parking on highways under their respective jurisdictions where deemed necessary.

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

Current laws provides that parking may be restricted only where dangerous to those using the highway or where it would interfere unduly with the free movement of traffic. Your Committee finds that the State and counties would be better able to enforce regulations regarding parking on highways in their respective jurisdictions and enhance the safety to people on the highways by broadening their authority over restrictions. In this bill, the Director of Transportation is authorized to and the counties by ordinance may prohibit or restrict the stopping, standing, or parking of vehicles where deemed necessary.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1668 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 609 Transportation and Intergovernmental Affairs on S.B. No. 1740

The purpose of this bill is to create a highway construction zone speed limit and provide penalties for violations.

Your Committee received testimony in support of this bill from the Department of Transportation and General Contractors Association of Hawaii. The Construction Industry Legislative Organization submitted comments.

Your Committee finds that speed is a major factor in many traffic accidents. A potential hazard arises when construction work is being done on our highways. Our current law states that every person shall drive at a safe and appropriate speed when approaching and crossing an intersection or railroad grade crossing, when approaching and going around a curve, when approaching a hill crest, when traveling upon any narrow or winding roadway, and when special hazards exist with respect to pedestrians or other traffic, weather or highway condition.

As a result, your Committee finds it prudent for public safety that motorists adhere to the posted speed limit along a highway construction zone, and if motorists are found in violation, they should be fined between \$750 and \$1,000, without possibility of waiver, reduction, or suspension of the fine.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1740 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 610 Commerce, Consumer Protection, and Information Technology on S.B. No. 57

The purpose of this bill is to conform state laws regulating gold and silver stamping consistent with the Nation Gold and Silver Stamping Act.

Your Committee received testimony in support of the bill from the Department of Commerce and Consumer Affairs, jewelry dealers, and numerous concerned citizens.

Your Committee finds that the bill would make unlawful the possession or manufacture of any article or merchandise without an appropriate stamp identifying the fineness of the article's precious metal content.

Your Committee believes that the bill would adequately protect the rights of consumers from fraudulent precious metal content claims.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 57 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 611 Commerce, Consumer Protection, and Information Technology on S.B. No. 136

The purpose of this bill is to allow registered nurses to professionally incorporate.

Your Committee received testimony in support of this measure from the Hawaii Nurses' Association.

Your Committee finds that health care, particularly primary and preventive care and care to those with chronic illnesses, will be provided more and more in organized community settings, where teams of health care providers, including nurses, social workers, and community outreach workers provide a host of services to people in that community.

This measure, by including registered nurses in the Professional Corporations Act, will permit registered nurses to more easily pursue this future alternative to the benefit of the entire State.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 136 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 612 Commerce, Consumer Protection, and Information Technology on S.B. No. 888

The purpose of this bill is to provide organizational flexibility when establishing a corporation.

Your Committee received testimony in opposition to the bill from the Department of Commerce and Consumer Affairs (DCCA). Your Committee notes that DCCA's opposition to the bill is based on its interpretation of the bill as increasing the number of members required for an entity to incorporate. It is your Committee's understanding that the bill merely provides corporations with the option of choosing titles they deem appropriate for their officers.

Your Committee finds that the existing law is unnecessarily rigid with regard to naming conventions and therefore agrees with the intent of the measure.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 888 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 613 Commerce, Consumer Protection, and Information Technology on S.B. No. 1490

The purpose of this bill is to raise the education requirements for examination and licensure of public accountants to 150 semester hours of college education effective December 31, 2000, and to codify current practices of the board of public accountancy.

Your Committee received testimony in support of this measure from the Board of Public Accountancy.

Your Committee heard testimony that the 150 semester hour standard is recommended by the National Association of State Boards of Accountancy, the American Institute of Certified Public Accountants, and the Federated Schools of Accountancy. The industry believes that dramatic developments have occurred in supporting disciplines, such as economics and quantitative methods, which are requisite to professional accounting education. Also, public expectations of the certified public accountant's range and extent of responsibility have risen in recent years as the business environment has become more complex. This bill would increase, effective December 31, 2000, the education requirements for examination by approximately 26 more semester hours to 150 semester hours of

college education with a concentration in accounting or its equivalent. In addition, licensure applicants will no longer have the option to credit professional work experience toward the fulfillment of the educational requirement, effective the same date.

The bill deletes the waiver of education requirements for the applicant who meets the education requirements of Hawaii existent at the time the applicant was originally licensed by another state as unnecessary. This measure also exempts an applicant for licensure, who passed the uniform certified public accountant examination in another state, from taking the examination again as a condition to licensure.

Your Committee received testimony that the Board of Public Accountancy accepts education credits earned at a foreign university if the applicant submits a letter of acceptance to a graduate degree program from an accredited school in the United States. The practice of the Board is to accept education equivalency reports from recognized credential evaluation services in lieu of a letter of acceptance from an accredited school. The Board proposes an amendment which would codify this practice.

Your Committee supports this recommendation proposed by the Board and has amended section 466-5(f)(3), Hawaii Revised Statutes, accordingly. Your Committee also has made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1490, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1490, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 614 Commerce, Consumer Protection, and Information Technology on S.B. No. 1528

The purpose of this bill is to give full member authority to a representative of the branch manager of the boiler and elevator inspection branch, division of occupational safety and health, department of labor and industrial relations, when the branch manager is unable to attend meetings of the elevator mechanics licensing board.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations and the Elevator Mechanics Licensing Board.

Your Committee finds that the branch manager is designated by statute as the representative of the department of labor and industrial relations to the elevator mechanics licensing board. If the branch manager is unable to attend meetings or the position is vacant, voting privileges are not extended to the branch manager's representative. This bill would vest full voting rights in the representative of the branch manager.

Your Committee received testimony from the Department of Labor and Industrial Relations proposing that the director of the Department or the director's designee be named to the board rather than the branch manager of the boiler and elevator inspection branch. The Board has no objections to this proposal which would provide the Board with more flexibility in meeting its obligations.

Your Committee supports the changes proposed by the Department and has amended the bill accordingly.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1528, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1528, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 615 Commerce, Consumer Protection, and Information Technology on S.B. No. 1115

The purpose of this bill is to replace existing law with a new, simpler provision governing returns for refund, merchandise credit, and exchanges by retail businesses.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs (DCCA), Liberty House, and Legislative Information Services of Hawaii, Inc.

Your Committee finds that this bill is based upon H.B. No. 3096, C.D. 1, a measure passed by the Legislature in 1996, but vetoed by the Governor. Last year's measure has been revised to remedy the Governor's concerns regarding the protection of consumer interests, while still affording merchants greater latitude in limiting the availability of cash refunds.

Your Committee believes that this measure will help merchants and consumers to resolve disputes among themselves, thereby reducing the number of refund and exchange complaints filed with DCCA.

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

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1115, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1115, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 616 Economic Development on S.B. No. 1423

The purpose of this bill is to broaden the industry sectors in which the Hawaii Strategic Development Corporation (HSDC) can invest its funds. In particular, this bill amends the definition of "economic development project" to include advanced technology-based agricultural enterprises, tourism-related service businesses, and retailing.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism (DBEDT).

Your Committee finds that this measure will give HSDC greater investment flexibility, which in turn, will help to stimulate new business activity in the State. DBEDT has indicated in its testimony that future investments made possible by this measure could include such things as software development for hotel reservation systems, Internet retailing and distribution of Hawaii-made products, and even production of decaffeinated coffee beans from genetic research undertaken at the University of Hawaii.

Another important benefit of expanding HSDC's investment options and easing related restrictions will be to attract increased amounts of out-of-state venture capital to Hawaii projects. This is especially crucial given the State's current fiscal situation and limited resource capacity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1423 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Chumbley, Iwase, Matsunaga, Solomon).

SCRep. 617 (Majority) Transportation and Intergovernmental Affairs on S.B. No. 1616

The purpose of this bill is to ensure the commercial activities at public airports are covered by the penalty provisions of section 261-21, Hawaii Revised Statutes.

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

Your Committee finds that the Department of Transportation does not have the statutory authority to impose penalties on illegal commercial activities at public airports. This authority was inadvertently dropped when section 261-21, Hawaii Revised Statutes, was amended in 1980. This bill seeks to restore this ability and allow the Department of Transportation to impose these penalties.

Your Committee has made technical, nonsubstantive changes to this bill.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1616, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1616, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, 1 (Slom). Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 618 Economic Development on Gov. Msg. Nos. 151 and 156

Recommending that the Senate advise and consent to the nominations of the following:

ALTON H. MIYAMOTO to the Board of Directors, High Technology Development Corporation, term to expire June 30, 1998 (Gov. Msg. No. 151); and

ROBERT K. U. KIHUNE to the Board of Directors, Natural Energy Laboratory of Hawaii Authority, term to expire June 30, 2000 (Gov. Msg. No. 156),

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Bunda, Iwase, Solomon, Tanaka).

SCRep. 619 Judiciary on Gov. Msg. No. 112

Recommending that the Senate advise and consent to the nomination of ELWIN P. AHU for Judge of the Circuit Court of the First Circuit, 1st Division, for a term of ten years, in accordance with provisions of Article VI, Section 3, of the Constitution of the State of Hawaii.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 620 Judiciary on Gov. Msg. No. 113

Recommending that the Senate advise and consent to the nomination of KEITH M. KANESHIRO as Director of Public Safety, term to expire December 7, 1998.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 621 Health and Environment on S.B. No. 1109

The purpose of this bill is to remove unsupervised independent living arrangements for persons who do not need professional assistance from Department of Health oversight, and subject therapeutic living programs to the Department of Health's rulemaking authority.

Your Committee heard testimony in favor of this bill submitted by the Director of Health. The Director of Health recommended that the term "supportive living facilities" be replaced by the term "therapeutic living programs" and that the definition of the new term be added to the bill.

Your Committee accepted the recommendation of the Director of Health and amended this bill by:

- (1) Replacing "supportive living facilities" with "therapeutic living programs";
- (2) Adding the definition of "therapeutic living program";
- (3) Splitting, for future drafting convenience, the list of subjects under section 321-11, Hawaii Revised Statutes, into two separate sections to facilitate any subsequent amendments to the Department of Health's rulemaking authority; and
- (4) Making other technical, nonsubstantive changes for clarity and drafting style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1109, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1109, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 622 Health and Environment on S.B. No. 1170

The purpose of this bill is to amend the definition of "gravely disabled" in the mental health statutes to add three new criteria which include: two prior hospitalizations within the prior three years; exhibition of substantially similar behavior or symptoms to those which led to prior hospitalization; and likelihood that the person would deteriorate mentally and physically if left untreated.

Your Committee heard testimony in favor of this bill submitted by Senator Whitney Anderson, the Oahu Alliance for the Mentally Ill, the Mental Health Association in Hawaii, and a concerned citizen. Testimony against this bill was submitted by the Public Defender, Protection and Advocacy Agency of Hawaii, and a concerned citizen. The Director of Health submitted testimony stating no position on the bill but recommending an interdisciplinary task force to study the issues involved. The Administrative Director of the Courts submitted testimony taking no position on the bill but commented that the Court's position on involuntary commitment is that those actions require an element of "imminent danger" to overcome constitutionality problems. One concerned citizen submitted testimony stating no position but expressing strong concerns regarding the bill.

Your Committee was informed that section 426.005(d) of the Oregon Statutes concerning the mentally ill and sexually dangerous, is a comparable law that has withstood several constitutional challenges. Given the position of the state courts and the objections of the Public Defender, your Committee believes it is prudent to pattern Hawaii's criteria for involuntary commitment after Oregon's tried and tested language.

Your Committee amended this bill by restructuring the definition of "gravely disabled" in a manner similar to Oregon's definition for "mentally ill person", to be applied in addition to or in conjunction with the "imminent danger" criteria for involuntary commitment.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1170, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1170, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 623 Health and Environment on S.B. No. 1584

The purpose of this bill is to streamline the functions of the State Health Planning and Development Agency (SHPDA) to allow it to evolve from an agency designed for a fee-for-service health care environment to one adaptable to a managed care environment.

Your Committee heard testimony in favor of this bill submitted by the SHPDA, Hawaii Statewide Coordinating Council of SHPDA, Subarea Health Planning Council of SHPDA for Central Oahu, Windward Oahu, Waianae Coast, Hawaii County, Kauai County, and Tri-Isle subareas, Hawaii Medical Service Association (HMSA), Queen's Health Systems, Kapiolani Medical Centers/Kapiolani Health, Straub Clinic & Hospital, Kaiser Permanente, Kuakini Health System, Hawaii Government Employees Association, Chamber of Commerce of Hawaii, Hawaii Nurses' Association, Healthcare Association of Hawaii, Fletcher Pacific Construction, and a concerned citizen.

SHPDA recommended that the term "nurse practitioners" be replaced by "advanced practice registered nurse" in the definition of "primary care clinic" on page 1 of the bill. HMSA recommended that the bill be amended by replacing the phrase "developed and invented" with "invented and used for".

Your Committee agreed with both recommendations and amended this bill by making the changes proposed by SHPDA and HMSA, making the types of information listed in the bill, for submission by health care providers to the agency, a suggestive list instead of a mandatory list, and making technical, nonsubstantive changes for clarity and drafting style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1584, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1584, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 624 Government Operations and Housing on S.B. No. 35

The purpose of this bill is to give landlords a method of terminating rental agreements to protect the rental property from forfeiture, and to decrease crime.

Your Committee received favorable testimony from: the City and County of Honolulu Department of the Prosecuting Attorney, the Hawaii Association of Realtors, members of the Community Coalition for Neighborhood Safety, and members of the Windward Neighborhood Security Watch Coordinators Group. Proponents of this measure expressed enthusiasm for using the termination of rental agreements as a means of fighting neighborhood crime.

Testimony expressing concerns was received from the Department of Commerce and Consumer Affairs, and by the Judiciary which took no position on this bill.

A serious concern was whether or not the tenant must first be convicted before a landlord could terminate the agreement, or whether suspicion would suffice. If a conviction were required, then forfeiture protection might be illusory since the Committee was advised that forfeitures are generally handled as part of the criminal proceeding. On the other hand, if the proceeding were to be brought before conviction, there might be constitutional issues with respect to the right against self-incrimination and the right to state-appointed counsel under the Sixth Amendment of the United States Constitution.

Your Committee also had concerns that the bill did not clearly provide a method for the landlord to protect the rental property from forfeiture as well as give the landlord the option to bring a proceeding to terminate the rental agreement.

Your Committee amended this bill to address these concerns. In particular, the bill was amended to:

- (1) Add a new section to chapter 521, Hawaii Revised Statutes, to provide a method that landlords can follow to protect their property from forfeiture, to make expressly clear the nature of protection that is being given to them, and to protect them from suits for slander, defamation, and libel. Under subsection (a) landlords who notify the police of their concerns about illegal activities occurring in their rental units, and who notify the tenant as well, would be entitled to the protection of rebuttable presumptions in any forfeiture proceeding that they did not consent to the illegal use of their property, and that their property is not subject to forfeiture.

Under subsection (b) landlords are authorized to bring a proceeding to terminate rental agreements for suspected illegal activities, and are again protected from suits for slander, defamation, and libel. Additionally state and county legal agencies are authorized to intervene or bring such proceedings on their own. The landlords who initiate such proceedings are entitled to a conclusive presumption that their property is not subject to forfeiture and that they did not consent to the illegal use of their property, whether or not they are successful in terminating the rental agreement. This recognizes that in any forfeiture proceeding a judge would be inclined to find that landlords, who in bringing such proceedings, suffered the associated burdens of time, expense, stress, fear of reprisal to themselves, their family, and property, and the uncertainty of having to deal with an irate tenant for the remainder of the rental contract, could not be said to have consented to the illegal use of their property.

- (2) Delete section 3 of the bill amending section 521-69, Hawaii Revised Statutes, as unnecessary.
- (3) Make technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 35, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 35, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 625 Government Operations and Housing on S.B. No. 654

The purpose of this bill is to allow contractors, subcontractors, and materialmen to institute an action against the payment bond after they have completed their portion of the work without having to wait for the publication of the final notice of completion which is made when the entire project is completed.

Your Committee received favorable testimony from: the Subcontractors Association of Hawaii, the Painting and decorating Contractors Association of Hawaii, the Sheet Metal Contractors Association, the Pacific Electrical Contractors' Association, the Plumbing and Mechanical Contractors Association of Hawaii, Bonded Materials Company, and Tom Sofos Insurance and Bonding, Inc. The State Procurement Office provided testimony in support of the intent of the bill.

Your Committee was informed that in these difficult economic times contractors, subcontractors, and materialmen needed timely payment to see them through, and that some unscrupulous developers abused the law. Further, the bill, if passed, would not result in

increased bond costs. Currently there appears to be no bond cost difference for federal or local projects. Some of the testifiers, including the Subcontractors Association of Hawaii and Tom Sofos Insurance and Bonding, Inc., requested that the language of the bill be amended to follow the federal Miller Act.

Your Committee has amended the bill to follow the language of the Miller Act with respect to when an action may be brought against the payment bond and to state the intent of the bill to follow the Miller Act with respect to allowing an action on the payment bond within ninety days of the completion of the work or the furnishing of material.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 654, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 654, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Anderson).

SCRep. 626 Government Operations and Housing on S.B. No. 246

The purpose of this bill is to allow the counties discretion to grant contractors who have timely filed and paid Hawaii state tax returns and taxes a preference for bids on county public works projects identical to the bidding preference provided for state contracts under section 103-45.5, Hawaii Revised Statutes.

Supportive testimony was submitted by the County Council of Maui, the County Council of Kauai, the Consulting Engineers Council of Hawaii, and the Hawaii Operating Engineers Industry Stabilization Fund.

Your Committee finds that allowing the counties to enact a contract preference system identical to that already provided for state contracts will provide for continuity of this law throughout our State and also help to boost the local economy by helping Hawaii companies be more competitive in bids for county public works contracts.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 246, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Anderson).

SCRep. 627 Economic Development on S.B. No. 37

The purpose of this bill is to make Waialua district on Oahu an enterprise zone under the state enterprise zone law for five years until June 30, 2002.

Your Committee received testimony in opposition to this measure from the Department of Business, Economic Development, and Tourism (DBEDT), which noted that part of the Waialua district is already included in an existing enterprise zone, and that current law provides a process by which the counties can amend the boundaries of designated zones with the Governor's approval. Testimony in opposition was also received from the City and County of Honolulu.

Your Committee finds that expansion of the existing zone to include the entire Waialua district may be desirable because it would increase the number of farmers in that area who could participate in the enterprise zone program. On the other hand, this measure as drafted would effectively override the role of the counties and the Governor in the enterprise zone program, which may be contrary to the legislative intent and spirit of the law.

Your Committee has decided to leave the existing provisions of the bill intact for purposes of keeping this important issue alive for further discussion during the legislative process.

Your Committee has amended this measure, at the suggestion of DBEDT, by inserting several housekeeping amendments clarifying the intent of various aspects of the enterprise zone program. These changes include:

- (1) Clarifying that only transfer of title from seller to buyer, and not delivery of goods, must take place within a zone;
- (2) Clarifying the definitions of certain eligible business categories;
- (3) Clarifying the eligibility of Kauai county census tracts for inclusion in enterprise zones; and
- (4) Clarifying the eligibility of Kauai county farmers.

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

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 37, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 37, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Chumbley, Iwase, Matsunaga, Solomon).

SCRep. 628 Economic Development on S.B. No. 1257

The purpose of this bill is to allow the Department of Agriculture (Department) to publish a notice in a daily or weekly publication of general circulation to notify landowners and occupiers of the Department's intent to enter private property for the control and eradication of pests such as noxious weeds and other organisms declared as pests by emergency rule.

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

Your Committee finds that current law necessitates that ownership of affected parcels be determined, and individual letters be sent via certified mail to each land owner and occupant of the affected parcels. The Department has indicated that this process hinders its response to control and eradicate pests that pose immediate threats to Hawaii's agricultural industries. A notice published in a daily or weekly publication of general circulation, on the other hand, would greatly expedite the notification process and allow the Department to implement control or eradication procedures quicker.

Your Committee has amended this measure, upon the recommendation of the Office of Attorney General, by allowing publication in print media of general circulation, or as otherwise provided by law, but only if:

- (1) Certified mail is impractical because the Department, despite diligent efforts, cannot determine land ownership; or
- (2) There is an urgent need to initiate control or eradication measures.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1257, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1257, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Chumbley, Iwase, Matsunaga, Solomon).

SCRep. 629 Economic Development on S.B. No. 1428

The purpose of this bill is to permit the temporary use of vessels for film production purposes in areas where they would otherwise be restricted or prohibited by state law or administrative rules.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, the Department of Land and Natural Resources, Irish & Company, On Location Services, Confair Productions, and Hawaii Film Authority, Inc.

Your Committee finds that this measure will help to streamline the film permitting process by eliminating certain restrictions on the temporary use of vessels at state boating facilities or on state waters for film production purposes.

Your Committee has amended this measure by:

- (1) Increasing the allowable period of temporary use from not more than ten hours a day to fourteen hours a day, and from not more than two days a week to five days a week, excluding weekends;
- (2) Providing that any federal requirements relating to any vessel or its operator which is carrying passengers or cargo for hire are not waived; and
- (3) Making several technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1428, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1428, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Chumbley, Iwase, Matsunaga, Solomon).

SCRep. 630 Commerce, Consumer Protection, and Information Technology on S.B. No. 388

The purpose of this bill is to prohibit unaccredited institutions from issuing undergraduate, masters, and law degrees in the State.

Your Committee finds that in Hawaii, unaccredited degree-granting institutions operate virtually without regulation. Presently, there are no minimum educational standards such as student-teacher ratio requirements, no classroom requirements, and no curriculum requirements.

Your Committee further finds that as other states have strengthened their laws, unaccredited institutions have shifted their degree-granting authority to Hawaii. Typically, the move is purely a paper one. No faculty, classrooms, or students are physically relocated, and little general excise tax revenue is generated. More importantly, Hawaii's reputation as a diploma mill state diminishes the value of degrees from Hawaii's accredited institutions.

Your Committee has amended the bill by inserting a provision that allows unaccredited degree-granting institutions to operate for three years prior to gaining accreditation. Your Committee has also rewritten the bill in a manner that better expresses its intent.

Your Committee believes that the bill would reduce the occurrence of unscrupulous unaccredited degree-granting activity while concomitantly protecting legitimate educational institutions.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 388, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 388, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 631 Commerce, Consumer Protection, and Information Technology on S.B. No. 681

The purpose of this bill is to provide members of planned community associations with basic procedural rights of self-governance similar to those provided condominium associations and cooperative housing associations.

Your Committee received written testimony in support of this bill from the Housing Finance and Development Corporation. Testimony in opposition to the bill was received from the Land Use Research Foundation of Hawaii.

Currently, there is no law which sets forth the basic framework for self-governance by planned community associations. Each planned community association is governed by their respective association documents. Thus, there is no consistency among planned community associations and some do not have basic self-governance provisions. This bill provides for the basic framework and owner rights of self-governance.

Your Committee has amended this bill on recommendation of the Housing Finance and Development Corporation to:

- (1) Clarify the definition of "member" to include anyone included in the definition of a member in governing documents and to include the developer whether or not the developer owns a unit;
- (2) Provide that a developer may appoint or elect a board director pursuant to special voting rights or power of appointment reserved to the master developer; and
- (3) Make technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 681, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 681, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 632 Commerce, Consumer Protection, and Information Technology on S.B. No. 682

The purpose of this bill is to provide a more equitable system of lien priority for condominium associations by giving condominium association liens limited priority for unpaid common expenses incurred within the six months immediately preceding commencement of any legal proceeding to collect amounts due the association or the mortgagee.

Your Committee received written testimony in support from: the Community Associations Institute, Management Consultants of Hawaii, Inc., Chaney, Brooks and Company, and the Board of Directors of the Association of Apartment Owners of Plaza at Century Court.

Testimony revealed that condominium associations are faced with several inequities in the foreclosure of an apartment. First, because the mortgage often exceeds the value of the apartment there are no funds from the sale of the unit to pay the condominium associations' claims for unpaid expenses. Second, during the foreclosure process, the condominium association often pays to operate the apartment and thus protects the mortgagee's security, but receives nothing from the foreclosure proceeds. Third, the condominium association often must absorb the costs and expenses associated with collecting from delinquent apartment owners in foreclosure actions.

Your Committee finds that the enactment of this measure will establish a more equitable division of the costs of foreclosure by giving the association a limited share of the sales proceeds as well as relieve them from the further burden of having to pay for the costs and expenses of collecting from delinquent apartment owners in a foreclosure action.

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

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 682, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 682, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 633 Commerce, Consumer Protection, and Information Technology on S.B. No. 1078

The purpose of this bill is to require all real estate appraisers to be licensed or certified by the Department of Commerce and Consumer Affairs, and to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) for all transactions.

Your Committee received testimony in support of this measure from approximately 100 individuals. The Department of Commerce and Consumer Affairs submitted testimony in opposition.

Your Committee finds that in 1988, the Legislative Auditor performed a sunrise analysis and determined that regulation of real estate appraisers was not warranted. However, Title XI of the Financial Institutions Reform Recovery and Enforcement Act of 1989 mandated that nearly all federally related real estate transactions must be performed by appraisers licensed or certified by the State. To implement this federal mandate, the Department began licensing and certifying real estate appraisers who performed appraisals for federally related transactions in 1991.

Your Committee also finds that individuals submitting testimony are in strong support of compliance with the USPAP for all transactions, as a means of better protecting the public in transactions in Hawaii's costly real estate market.

Your Committee notes that the Department finds no compelling reason to expand its jurisdiction beyond federally related transactions, or to require all licensed and certified appraisers to comply with USPAP in all non-federal real estate transactions.

Your Committee finds that the concerns regarding USPAP are well considered, however, and has amended this bill to require disclosure of USPAP to the client for all transactions. Your Committee also deleted section 2 of the bill, which would have amended the findings and purpose section to chapter 466-1, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1078, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1078, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 634 Commerce, Consumer Protection, and Information Technology on S.B. No. 1114

The purpose of this bill is to repeal the waivers of the continuing education requirement for real estate license renewal.

Your Committee heard testimony in support of this measure from the Real Estate Commission and the Hawaii Association of Realtors.

Your Committee finds that the continuing education waivers were implemented with the December 31, 1996, renewal. Approximately 12,000 individual licenses have been renewed, with about 9,000 active licenses and 3,000 inactive. The Commission issued 780 continuing education waivers, about 9% of the active licenses. These waivers generated some public attention, and concern within the industry.

Your Committee found that, in the industry, there is little current support for the waivers. The industry is much more concerned about the quality, cost, and variety of continuing education offered and believes if these are improved there will be little interest in continuing the waivers.

Your Committee concurs with the industry request to look at ways of improving continuing education offerings. Your Committee has amended the bill to:

- (1) Amend section 467-1, Hawaii Revised Statutes (HRS), to add a definition of "continuing education", and
- (2) Require the Real Estate Commission to study, assess, and analyze the feasibility of privatization of the administration of the continuing education program for real estate licenses, with reports to the Legislature in 1998 and 1999.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1114, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1114, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 635 Commerce, Consumer Protection, and Information Technology on S.B. No. 1116

The purpose of this bill is to allow the payee or holder in due course of a dishonored check to assess a reasonable service charge of not more than \$20 prior to a judicial hearing in an action to recover on a dishonored check.

Your Committee received testimony in support of this bill from the Retail Merchants of Hawaii, Liberty House, Credit Associates of Maui, Impact Financial, Legislative Information Services of Hawaii, and VeriCheck. Your Committee received testimony in clarification of the bill from the Commissioner of Financial Institutions.

Upon recommendation of the Commissioner of Financial Institutions, your Committee has rewritten the bill to:

- (1) Amend section 490:3-506, Hawaii Revised Statutes (HRS), to add language to allow for reasonable service charges in the amount specified under section 40-35.5, HRS, to require the posting of a sign giving notice of the service fee, and to allow for the collection of attorneys' fees, if any; and
- (2) Amend section 40-35.5, HRS, to change the amount of a service charge from \$15 to \$20.

Your Committee is in agreement that these amendments will provide an additional deterrent to customers who may be tempted to write "bad checks" and will consequently reduce the number of transactions that will be forced to collection or litigation.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1116, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1116, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 636 Commerce, Consumer Protection, and Information Technology on S.B. No. 1118

The purpose of this bill is to require any person advertising pest control services to list their current license number in the advertisement, and also directs the public utility furnishing telephone service to disconnect the phone when an order or judgment is received of an advertising violation by the user.

Your Committee received testimony in support of the intent of this measure from the Pest Control Board (Board) and the Hawaii Pest Control Association. The Department of Commerce and Consumer Affairs (Department) submitted comments and recommendations for amendments.

Your Committee finds that the Board's rules already require that the pest control company's name and license number appear in all advertisements, but there is no current provision to disconnect phone service when an advertising violation is substantiated. The industry notes that other states have had problems with "yellow page" listings for unlicensed pest control operators, which have been very costly to consumers.

Your Committee also heard the concerns of the Department regarding the broad language of the bill, particularly the effect of the phone disconnection if a pest control operator had omitted the license number by mistake. Your Committee has amended the bill accordingly, to limit the scope of the provisions and focus on unlicensed activities, similar to those in the contractor's law, chapter 444, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1118, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1118, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 637 Commerce, Consumer Protection, and Information Technology on S.B. No. 1153

The purpose of this bill is to allow the use of a certification statement from the insurance company as an optional means of providing evidence of compliance with the fidelity bond requirement for the registration of a managing agent and an association of apartment owners.

This bill also clarifies that condominium projects created under chapter 170A, Revised Laws of Hawaii, and all condominium projects or association of apartment owners having six or more apartments must register with the Hawaii Real Estate Commission and provide public information about the condominium project, including the street and postal address.

Your Committee received written testimony in support of the bill from the Real Estate Commission and the Community Associations Institute.

The current statute requires that managing agents and condominium associations registering with the Commission submit a complete fidelity bond policy as part of the registration process. It could however take up to two or more months for an applicant to obtain the complete fidelity bond policy. Also, if a condominium managing agent changes coverage or insurance company during a registration period, they are required to submit documents evidencing compliance with the requirement. As a result, applicants have experienced significant delays in obtaining registration as managing agents since they are not able to present evidence of coverage to complete their application.

Acceptance of a certification statement from the insurance company will streamline the process for both new applicants and current registrants, without sacrificing consumer safety and the integrity of the funds that are covered by the fidelity bond.

Your Committee amended the bill to clarify that the failure to report changes to the managing agents' registration application will result in the termination of the registration and will subject the managing agent to initial registration requirements. Technical, nonsubstantive changes also were made for purposes of style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1153, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1153, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 638 Commerce, Consumer Protection, and Information Technology on S.B. No. 1361

The purpose of this bill is to amend chapter 514A, Hawaii Revised Statutes, relating to condominium property regimes, to expedite the development of residential condominium projects while concurrently maintaining safeguards for condominium buyers.

Your Committee received favorable written testimony from a representative of the Myers Corporation who testified on behalf of a private sector task force, and a private citizen.

Your Committee finds that the bill will permit the Real Estate Commission of the Department of Commerce and Consumer Affairs (Commission) to issue an effective date for a contingent final public report (contingent report). The effective date issued by the Commission will enable the developer of the residential condominium project described in the contingent report to begin selling units in the project from that date and to bind prospective purchasers before the issuance of a final public report.

Sales of the units in the project would remain binding if the developer submits to the Commission, and the Commission approves, all of the required items for a final public report before the contingent report expires.

The bill permits a developer to file a contingent final public report without first:

- (1) Acquiring the land;
- (2) Obtaining financial commitments;
- (3) Having an executed construction contract;
- (4) Obtaining building permits; or
- (5) Getting a one hundred percent performance bond.

The bill maintains and clarifies the protections already existent in chapter 514A, Hawaii Revised Statutes, that require all condominium purchasers' funds be held in escrow not to be disbursed until a final public report meeting all the requirements is issued. If no final public report is issued within six months, the purchaser may cancel the contract and obtain a refund of all moneys paid together with interest.

Your Committee believes that the bill would expedite residential condominium development projects, thereby providing more housing for the people of the State.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1361, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 639 Commerce, Consumer Protection, and Information Technology on S.B. No. 1495

The purpose of this bill is to establish specific mandatory disclosures by retail lessors for motor vehicle lease transactions.

Your Committee received testimony supporting this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that automobile leasing has become a popular alternative to financing the purchase of a car because of the lower monthly payments. However, the use of complex language in leasing contracts make automobile leasing confusing to the average consumer.

Your Committee further finds that many of the terms required by this bill are already required under the federal Consumer Leasing Act. However, the federal Act is limited in application to property totalling no more than \$25,000. Additionally, the Act does not require the disclosure of a lease rate which is an important factor in determining the cost of financing.

Your Committee has amended this bill by:

- (1) Deleting the term "annual percentage rate" and replacing it with the term "lease rate";
- (2) Deleting the disclosure requirement which sets out in the lease agreement the ANNUAL PERCENTAGE RATE dollar amount and the accompanying explanation in parentheses that this is the consumer's interest rate;
- (3) Creating a new paragraph under the disclosures section which requires disclosing in the lease agreement the lease rate together with a warning that the percentage may not measure the overall cost of financing the lease; and
- (4) Making technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1495, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1495, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 640 Commerce, Consumer Protection, and Information Technology on S.B. No. 1522

The purpose of this bill is to update the chapter governing dispensing opticians by:

- (1) Repealing the board of dispensing opticians but maintain regulation of dispensing opticians by assigning administration of the program to the Director of Commerce and Consumer Affairs;
- (2) Repealing the requirement for a person or entity to obtain a license to operate a dispensing optician business;
- (3) Repealing references to the State board-constructed practical examination which is now obsolete;
- (4) Repealing the requirement for a business to report the names of its dispensing optician apprentices; and
- (5) Making housekeeping amendments.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs. The Board of Dispensing Opticians (Board) recommended amendments. The Hawaii Dispensing Opticians Association and one individual submitted testimony against elimination of the Board.

Your Committee finds that this measure is part of the administration's initiative to restructure government to make it more facilitative rather than regulatory in nature, while protecting consumers. Your Committee notes that the Auditor's 1987 Sunset Evaluation Report recommended that the Board be eliminated because its duties were minimal, and the Director intends to appoint an advisory committee to provide technical expertise.

Your Committee also finds that the additional amendments in the bill are well considered in meeting the intent of the measure.

Your Committee has heard the industry concerns regarding the elimination of the Board, and has amended section 458-3, Hawaii Revised Statutes (HRS), to add appointment of an advisory committee to serve as experts to the Department, and by adding a new section 18 to the bill to further clarify the membership terms of the advisory committee.

Your Committee has amended the bill to address additional concerns of the industry, by adding a new section to chapter 458, HRS, to require dispensing opticians to wear identification tags, and conform the use of the word "licensed" in the chapter. Your Committee also made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1522, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1522, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 641 Commerce, Consumer Protection, and Information Technology on S.B. No. 1527

The purpose of this bill is to delete the statutory language which provides that the governor may fill the four industry members seats on the Board of Physical Therapy from a list submitted by the Hawaii Chapter of American Physical Therapy Association (HCAPTA).

Your Committee received testimony in support of this measure from the Board of Physical Therapy (Board).

Your Committee finds that the current provision has lead to the erroneous perception by physical therapists that membership of HCAPTA is necessary for appointment to the Board. Your Committee also notes that the State Auditor recommended deletion of this provision in 1992, because the interests of HCAPTA may at times be in conflict with the board's interests and the HCAPTA does not represent all physical therapists.

Your Committee is in agreement that representatives of the physical therapy profession should be selected without regard to whether the individual is a member in a professional association. The public's best interest will be promoted if selection is made from the largest pool of qualified licensees, and currently about half of licensed physical therapists are members of HCAPTA.

Your Committee has amended this bill to retain the governor's authority to fill a vacancy in accordance with section 26-34, Hawaii Revised Statutes, and to delete the requirement that the appointment be from a list submitted by the HCAPTA.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1527, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1527, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 642 Commerce, Consumer Protection, and Information Technology on S.B. No. 1560

The purpose of this bill is to allow for the electronic transmission of prescriptions.

Your Committee received testimony in support of this measure from the Department of Health, HMSA, the Hawaii Pharmaceutical Association, and Longs Drug Stores.

Your Committee finds that electronic transmission of prescriptions will help to reduce the number of prescription errors due to illegible prescriptions and to oral miscommunications. This measure will also promote greater convenience and cost-efficiency for health care providers and pharmacists.

Your Committee has amended this measure by making several technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1560, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1560, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 643 Commerce, Consumer Protection, and Information Technology on S.B. No. 1561

The purpose of this bill is to amend the food, drug, and cosmetics law to include new definitions, amend existing definitions, prohibit the sale of expired drugs, and restrict the distribution of formulary to pharmacists only.

Your Committee received written testimony in support of the bill from the Department of Health, the Board of Pharmacy, and the Board of Medical Examiners.

Your Committee finds that the bill updates, clarifies, and streamlines a number of terms and practices relating to the regulation of food, drugs, and cosmetics within the State.

Your Committee has amended the bill by adding sections that amend chapter 461, Hawaii Revised Statutes, relating to pharmacists and pharmacies, to conform with the provisions of the bill.

Your Committee believes that the bill will assist the Department of Health in more efficiently effectuating the State's laws on food, drugs, and cosmetics.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1561, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1561, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 644 Commerce, Consumer Protection, and Information Technology on S.B. No. 1778

The purpose of this bill is to provide electricians with options for satisfying license renewal requirements and to enable education providers other than community colleges to give courses for electrician license renewal.

Your Committee received testimony in support of this bill from the Board of Electricians and Plumbers (Board) and the Hawaii Electricians Market Enhancement Program Fund. The University of Hawaii proposed an amendment to the bill.

Your Committee finds that different license renewal requirements apply to electricians licensed before and after June 30, 1996. Electricians licensed before this date must attend a course conducted by the community colleges on updates of the National Electrical Code and electricians licensed after the date must take an examination given by the Board on updates of the Code. There appears to be no rational basis for applying different license renewal procedures for these two classes of electricians and the bill eliminates the distinction. The bill also would allow educational providers in addition to the community colleges, if the instructor is certified by the community college.

Your Committee heard a recommendation by the Board to further clarify that an electrician who receives a license within one year of the renewal date shall not be required to take the course or the examination. Your Committee also heard a request from the University to delete the provision certifying instructors of other education providers. The concern is that course content and materials prepared by the community colleges are the properties of the University and the instructor of the course, and transfer of the material to a third party should be compensated and contractual safeguards created to limit its use.

Your Committee concurs with these recommendations and has amended the bill accordingly.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1778, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1778, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Solomon, Slom).

SCRep. 645 Commerce, Consumer Protection, and Information Technology on S.B. No. 1814

The purpose of this bill is to allow a public utility that provides local exchange telecommunications services to recover the capital costs and associated operating expenses of providing statewide enhanced 911 emergency telephone service through a telephone line surcharge or through the utility's next rate case.

Your Committee received testimony in support of this measure from the Public Utilities Commission (PUC), the Consumer Advocate, GTE Hawaiian Telephone Incorporated (Hawaiian Tel), AT&T, and Oceanic Communications. One individual submitted testimony in opposition.

Your Committee finds that this bill recognizes the impact the emerging competitive environment in the telecommunications industry has on existing state law relating to emergency telephone service. The bill provides the PUC greater flexibility in administering cost recovery through a surcharge or rate case, rather than mandating recovery to be rolled into telephone rates at the next rate case filing.

Your Committee agreed with the request by Hawaiian Tel to delete the word "next", so as not to place further time restraints on when costs may be recovered through a rate case filing. Your Committee notes this amendment has the support of the industry, and has amended the bill accordingly.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1814, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1814, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 646 Human Resources on S.B. No. 260

The purpose of this bill is to prohibit an employer from withholding from an employee's wages the training costs for employment-related training that the employer directs an employee to attend.

Your Committee received testimony in support of this bill from the ILWU Local 142 and Hawaii Nurses' Association. Comments on this bill were submitted by the Department of Labor and Industrial Relations.

Your Committee believes that any costs related to employment training which the employer directs an employee to undertake should rightfully be borne by the employer. Employment training serves to ultimately benefit the employer even though the employee is improving herself or himself for the job in the process.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 260 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Baker, Levin).

SCRep. 647 Human Resources on S.B. No. 12

The purpose of this bill is to modify the labor dispute disqualification requirement where a bona fide offer to arbitrate an impending dispute is made by employees through their exclusive bargaining representative.

Your Committee received testimony in support of this bill from the Hawaii State AFL-CIO and Hotel and Restaurant Employees Local 5. Testimony in opposition to the bill was received from the Department of Labor and Industrial Relations and the Chamber of Commerce of Hawaii.

Under current law, employees who are direct participants in a strike or lockout are disqualified from receipt of unemployment insurance benefits where there is a stoppage of work. Hawaii's statute has withstood challenge on federal preemption grounds. Hawaiian Tel. Co. v. State of Haw. Dep't of Labor and Indus. Relations, 614 F.2d 1197 (1980). Moreover, in Baker v. General Motors Corp., 478 U.S. 621 (1986) the U.S. Supreme Court has made it quite clear that Congress did not intend to preempt state power over setting the terms and conditions for receipt or denial of unemployment insurance benefits in a labor dispute context. States are free to regulate the granting and denial of unemployment compensation benefits where employees are engaged in protected activities under Section 7 of the NLRA. American Petrofina Company of Texas v. Texas Employment Commission, 795 S.W. 899 (1990).

Your Committee finds that in the context of an impending labor dispute employees who have taken every reasonable step to avoid a stoppage of work through alternative dispute resolution procedures should not be disqualified from receipt of unemployment insurance benefits. Public policy in Hawaii strongly favors arbitration of disputes and those who make a good faith bona fide offer of final and binding arbitration should be entitled to benefits for subsequent weeks of unemployment.

Your Committee has amended the bill to clarify that in a labor dispute context (i.e. strikes or lockouts) the work stoppage test shall not be applicable where a bona fide offer of binding arbitration has been tendered by employees through their exclusive bargaining representative. Where no such offer of binding arbitration has been made the work stoppage test continues to apply for weeks of unemployment.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 12, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 12, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Sakamoto, Anderson).

SCRep. 648 Human Resources on S.B. No. 691

The purpose of this bill is to require the review and disclosure of attorney's fees and costs chargeable to employers and the insurance carriers in workers' compensation cases.

Your Committee received testimony in support of this bill from the Hawaii Nurses' Association, Hawaii State AFL-CIO, and ILWU Local 142. Testimony in opposition to this bill was received from the department of Labor and Industrial Relations (DLIR), Hawaii Insurers Council, and a physician.

Current law requires the approval of claimant's attorney's fees and costs to protect the claimant from unreasonable and excessive charges. Attorney's fees and costs to employers and insurance carriers are not subject to review or disclosure at all. In fact, worker's compensation rate filings made with the Insurance Commissioner do not contain a specific line item for litigation costs to employers and insurance carriers.

Your Committee finds that some form of procedure is needed to afford interested parties the opportunity to review fees and costs chargeable to employers and insurance carriers in defense of worker's compensation claims. There is a valid concern that excessive litigation may be partially responsible for increased worker's compensation premiums or that relative to claimant's charges, the amounts assessed against employers and carriers are excessive or improper.

Accordingly, your Committee has amended this bill to permit the disclosure of statements of attorney's fees and costs paid by the employer or insurance carrier to "any party in interest" and avoid the necessity of review and approval of such statements by the director, appellate board, or court. Employers and carriers shall be required to provide a copy of a requested statement within ten calendar days. A "party in interest" shall include, the claimant, attorney representing the claimant, other employers, the Director of Labor, and those persons interested in ensuring that worker's compensation premiums and costs are not excessive and improper. This shall also include the Insurance Commissioner and those who have previously intervened in proceedings before the Insurance Commissioner on worker's compensation filings.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 691, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 691, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Sakamoto, Anderson).

SCRep. 649 Human Resources on S.B. No. 1242

The purpose of this bill is to define the term "labor organization" within Hawaii's worker's compensation statute and to ensure that negotiated plans for worker's compensation benefits be on an arms length basis.

Your Committee received testimony in support of this bill from the Hawaii Operating Engineers Industry Stabilization Fund, and Laborers-Employers Cooperation and Education Trust. Testimony in opposition to the bill was received from the Hawaii Nurses' Association. Offering no opposition to the bill was the Department of Labor and Industrial Relations. The ILWU Local 142 offered comments.

Your Committee finds that there is currently no definition of the term "labor organization" as used in section 386-3.5, Hawaii Revised Statutes (HRS), and there are no safeguards established to ensure arms length negotiations over worker's compensation plans negotiated by such organizations. "Labor organization" is a well recognized term under private and public sector labor laws. Your Committee believes that in addition to adopting the definition from established labor statutes, it is necessary to ensure that bargaining over worker's compensation benefit plans involving labor organizations be conducted without domination or interference by one party over the other.

Accordingly, your Committee has amended this bill to prohibit improper interference and domination over the internal affairs of employee organizations involved in negotiating worker's compensation benefits under section 386-3.5, HRS. We have incorporated standards established in 29 USC 158(a)(1) and (2), and section 377-6(1) and (2), HRS, as a requirement under section 386-3.5, HRS, to protect the integrity of the bargaining process and bargaining relationship.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1242, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1242, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Baker, Levin).

SCRep. 650 Education on S.B. No. 26

The purpose of this bill is to clarify the responsibility of parents and guardians for minors' compliance with the student code of conduct adopted by the Board of Education.

Your Committee received testimony supporting this measure from the Department of Education and the Hawaii State Teachers Association.

Your Committee finds that the Student Code of Conduct was developed by the Labor Management Cooperation Committee and adopted by the Board of Education in 1995. All schools have a copy of this Code and must be responsible for informing parents or guardians of their responsibilities with respect to their children's actions.

Your Committee believes that a child's first and primary teacher is the child's parents. Therefore, parents should be actively involved in all aspects of their children's education including ensuring that their children comply with the Student Code of Conduct.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 26 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 651 Education on S.B. No. 817

The purpose of this bill is to repeal obsolete statutes relating to public education in chapter 302A, Hawaii Revised Statutes.

Your Committee received testimony supporting this measure from the Department of Education and the Hawaii State Teachers Association.

Your Committee finds that in 1995, Act 168 was enacted which began a process of systemic reform aimed at providing individual schools with the flexibility and autonomy to identify and implement the types of classroom experiences which would ensure student mastery of standards set by the State.

Your Committee believes that some statutes relating to education in the public schools are obsolete and not consistent with Act 168.

Your Committee has amended this bill by making technical, nonsubstantive amendments to reflect current statutory language.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 817, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 817, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 652 Commerce, Consumer Protection, and Information Technology on S.B. No. 263

The purpose of this bill is to require health insurers and mutual benefit societies to include contraceptive services in their benefit plans. It provides a religious exclusionary clause to exempt religious organizations or religiously affiliated organizations if contradictory to their philosophy.

Your Committee received written testimony in support of this measure from the Hawaii Nurses' Association, Bay Clinic, Inc., and WCCHC-Medical Department. HMSA submitted testimony in general opposition to additional mandated benefits, but offered suggested revisions to limit this measure to oral contraceptives only. Testimony in opposition to this bill was submitted by Brigham Young University-Hawaii Campus. The Hawaii Catholic Conference submitted testimony requesting an expansion of the religious exclusionary clause.

Your Committee finds that providing access to contraceptive services will help to prevent unplanned pregnancies (which often result in unwanted children) and reduce the medical and social problems associated therewith. Providers indicate this could be done at no additional cost to employers and your Committee has amended the bill accordingly to ensure a level of access to contraceptive services.

Your Committee has amended this measure by:

- (1) Limiting coverage to three types of prescription contraceptive drugs selected by the plan;
- (2) Providing that plans need not cover the off-label use of the contraceptive drugs;
- (3) Limiting the definition of "contraceptive services" to medical services intended to promote the effective use of oral contraceptives; and
- (4) Making several technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 263, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 263, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Solomon, Slom).

SCRep. 653 Commerce, Consumer Protection, and Information Technology on S.B. No. 1191

The purpose of this bill is to permit insurers to acquire investments in investment pools.

Your Committee received testimony in support of this measure from the Hawaii Insurers Council and Fireman's Fund Insurance Company. The State Insurance Commissioner submitted comments.

Your Committee finds that this bill would allow related insurers to pool certain types of investments, thereby increasing the potential to achieve higher yields and cost savings through economies of scale, while maintaining regulatory safeguards with respect to the quality and quantity of investments and protection of each participant's invested assets. This bill is patterned after the National Association of Insurance Commissioners (NAIC) Investments of Insurers Model Act (Defined Limits), which was recently passed by the NAIC.

Your Committee notes that as investment income is an important component of the insurer's operations, the provisions of this bill are important to the industry.

Your Committee has heard from the Insurance Commissioner that this bill contains the necessary regulatory safeguards, as it is patterned after the NAIC model. The NAIC has further recommended additional language from the model act which would require the Securities Valuation Office (SVO) to value new investment vehicles and in cases where there is no methodology for valuation, one must be established.

Your Committee has amended this bill accordingly to add an additional new section establishing certain standards and collaterals regarding securities lending, repurchase transactions, reverse purchase transactions, and dollar roll transactions for investment pools. Your Committee has made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1191, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1191, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 654 Commerce, Consumer Protection, and Information Technology on S.B. No. 1487

The purpose of this bill is to provide consumers of health care plans provided by mutual benefit societies similar protection from the possibility of failure of the plan as is provided to consumers of health care plans provided by a health maintenance organization (HMO).

Your Committee received favorable testimony from the Hawaii Medical Service Association and the State Insurance Commissioner. The State Insurance Division submitted suggested amendments based on discussions with mutual benefit societies. There was no testimony in opposition to the bill.

Your Committee amended the bill, based on the suggested amendments, to:

- (1) Eliminate the definition of "capitated basis", and add a definition for "operating expenses";
- (2) Change the manner in which "minimum net worth" is calculated to protect against insolvency;
- (3) Provide that this Act shall not apply to mutual benefit societies that do not operate as a hospital, or a medical or indemnity society, and labor union mutual benefit societies under section 432:1-103(b); and
- (4) Make technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1487, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1487, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 655 Commerce, Consumer Protection, and Information Technology on S.B. No. 1516

The purpose of this bill is to exempt from licensure as dealers those persons who act as consumer consultants in the motor vehicle industry; provided they are registered with the Motor Vehicle Industry Licensing Board (Board) and have paid a registration fee. Sanctions are established against dealers who employ, contract with, or compensate consumer consultants.

Your Committee received testimony in support of the bill from the Board. The Hawaii Automobile Dealers' Association submitted testimony in opposition.

Your Committee finds that these consultants have specialized knowledge of motor vehicles and are able to advise consumers on different types of vehicles and features to meet consumers needs. Your Committee notes that the Board had no objection to exempting the consultants from licensure as long as they are registered. The Board also felt that dealers should be subject to disciplinary action if they interfere with the independence of consumer consultants.

Your Committee also heard concern by the automobile industry that the bill would permit consumer consultants to operate as dealers, working off the inventory of a dealer, and needing no physical facilities from which to operate.

Your Committee has amended the bill by clarifying that consumer consultants provide expertise in motor vehicle sales transactions and are paid a fee by the consumer.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1516, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1516, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 656 Commerce, Consumer Protection, and Information Technology on S.B. No. 1521

The purpose of this bill is to consolidate the boards of barbers and cosmetology into one regulating both industries, to create additional pathways for barber and hairdresser training to qualify for licensure, and to make housekeeping amendments.

Your Committee received testimony in support of this bill from the Department of Commerce and Consumer Affairs and the Hawaii Institute of Hair Design, with proposed amendments.

Your Committee finds that the practices of these professions overlap and there is redundancy in the licensure requirements. Consolidating regulatory oversight will facilitate streamlining in the future.

Your Committee notes that currently, a barber apprentice must train under a licensed barber, and a beauty operator apprentice must train under a licensed beauty operator to gain experience for licensure. This bill would allow the barber and beauty operator apprentice to train under either a licensed barber or a licensed beauty operator for the hairdresser training only, in order to gain experience for licensure.

As a housekeeping measure, this bill changes the triggering event that tolls the time for filing a contested case hearing, extending the appeal period.

Your Committee supports the intent of this bill and has amended the bill by amending section 438-1, Hawaii Revised Statutes, to add a definition of "student" to further clarify the changes. Other technical, nonsubstantive amendments have also been made.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1521, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1521, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 657 (Majority) Commerce, Consumer Protection, and Information Technology on S.B. No. 1939

The purpose of this bill is to require cable channel operators to move all public, educational, and governmental (PEG) channels to a bandwidth between broadcast and pay cable channels.

Your Committee received testimony in support of this measure from the Community Television Producers Association, the Hawaii Educational Networking Consortium, and Maui Community Television. The Hawaii Cable Television Association and Oceanic Cable submitted testimony in opposition.

Your Committee finds that PEG access channels are unique resources that deliver local noncommercial programming for Hawaii's people. PEG access plays an important role in shaping government and social policy, promoting democracy, and developing critical ideas in our State. It is often the sole forum or venue for individuals and grass-roots organizations who would otherwise be left with no other voice in our community.

The location of PEG access channels on the viewing selector box is of great importance in attracting potential viewers. While it is not uncommon for cable television subscribers to have access to 70 or more channels, many do not exercise their option to view the non-paid programs located above channel 35. This measure would increase the value of PEG access channels by making them more conveniently available to average cable television viewers.

Your Committee has amended this measure by requiring that the PEG access channels be placed on frequencies that can be received by television sets manufactured prior to 1983, or on frequencies before any scrambled services that are not included as part of the basic tier of service.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1939, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1939, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, 1 (Slom). Excused, 1 (Aki).

SCRep. 658 Health and Environment on S.B. No. 1575

The purpose of this bill is to clarify that noncompliance with vehicular smoke emission or open burning control rules adopted pursuant to chapter 342B, Hawaii Revised Statutes (HRS), are considered violations subject to the grades and classes of offenses enumerated in section 710-107, HRS, (Penal Code).

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

Your Committee finds that in 1991, the previous version of chapter 342B, HRS, included the reference to section 701-107, HRS. When that version was repealed and reenacted in a subsequent version, the reference was omitted.

Your Committee believes that the omission was inadvertent and that the reference should therefore be reinserted.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1575 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Metcalf).

SCRep. 659 Health and Environment on S.B. No. 1576

The purpose of this bill is to clarify ambiguities in section 291-55, Hawaii Revised Statutes, with respect to the payment of parking fees by qualified persons with disabilities.

Your Committee heard testimony in favor of this bill submitted by the Department of Transportation and Commission on Persons with Disabilities.

Your Committee is concerned with the need of persons with disabilities who are required to travel to other islands to receive specialized medical care, and believes that their required costs of travel and parking for long periods may cause them unwarranted hardship.

Your Committee has amended this bill by permitting qualified persons with disabilities to park in state airport parking lots free of charge for up to twenty-four hours provided those persons provide evidence that the parking space was used primarily to travel to or from another island to receive medical care. A technical, nonsubstantive change was also made.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1576, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1576, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 660 Transportation and Intergovernmental Affairs on S.B. No. 248

The purpose of this bill is to amend section 264-1, Hawaii Revised Statutes, to require due and diligent search of an owner of record before a highway or trail is deemed surrendered to public use.

Your Committee received testimony in support of this bill from the Board of Land and Natural Resources, the Hawaii Chapter of the Sierra Club, Hawaii's Thousand Friends, and the Kalihi Valley Neighborhood Board. The Department of Transportation submitted testimony in support of the intent of this bill.

Your Committee finds that many highways and trails are unusable and dangerous as a result of abandonment. The situation becomes a bigger problem when the owners of the roads and trails are not known. It is to the benefit of the public's safety and the environment that clear procedures are in place to determine ownership and responsibility of the upkeep for these highways and trails.

Your Committee has amended this bill by clarifying that a title search must be done to locate the owner of the property. If no owner of record can be found after the title search, then the appropriate state department, board or county department will accept ownership of the respective highway or trail.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 248, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 248, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 661 Transportation and Intergovernmental Affairs on S.B. No. 300

The purpose of this bill is to make it illegal to possess certain motor vehicle parts that have the identifying serial numbers altered or defaced.

Your Committee has received testimony in support of this bill from the Police Department of the City and County of Honolulu, the Chinatown Benevolent Association, and the Aina Haina Neighborhood Watch.

Your Committee finds that there is a direct correlation between the high rate of vehicle thefts in Hawaii and the high cost of new and used vehicles. When stolen vehicles are recovered, they are commonly found partially or completely stripped of valuable parts. These stolen vehicle parts are then recycled through repair shops, used part shops, and "chop shops". By making it illegal to possess vehicles or altered vehicle parts with defaced identification serial numbers, law enforcement officers would be greatly assisted in the investigation of vehicle thefts. It will also curb the trafficking of stolen vehicle parts through used vehicle parts businesses, and protect vehicle owners.

After reviewing the intent of this bill, your Committee has amended the bill to remove language pertaining to the inspection process by law enforcement officers, due to reservations with the breadth of inspection procedures set forth for vehicle theft investigations.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 300, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 300, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 662 (Majority) Transportation and Intergovernmental Affairs on S.B. No. 1622

The purpose of this bill is to authorize the Department of Transportation to dispose of impounded vessels without auction if the vessel is appraised by an independent appraiser with at least five years of marine surveying experience at a value of \$5,000 or less.

Your Committee received testimony in support of this bill from the Department of Transportation. Your Committee received testimony in opposition of this bill from the Boat Owners Association of the State of Hawaii (Boats/Hawaii, Inc.), Hawaii Boaters Council and a private citizen.

Your Committee finds that impounded vessels unclaimed for over thirty days cause undue moorage and financial burdens on the Department of Transportation. Presently, these vessels can be sold at public auction. However, your Committee is equally concerned that owners of vessels are provided with due process and fair opportunity to retrieve their vessels before their vessels are sold, disposed of as junk, or donated to any governmental agency.

Accordingly, your Committee has amended this bill by setting the appraised value of any impounded vessel that can be sold or disposed of without auction at \$125 per foot of the overall length of the vessel and not to exceed \$5,000.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1622, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1622, S.D.1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 1 (Kanno). Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 663 (Joint) Economic Development and Ways and Means on S.B. No. 527

The purpose of this bill is to require the Department of Budget and Finance (B&F) to work in cooperation with the Convention Center Authority (CCA) to formulate a privatization plan for the Hawaii Convention Center.

Your Committees received testimony in support of this measure from the CCA, the Hawaii State Teachers Association, the University of Hawaii Professional Assembly, the Hawaii Government Employees Association, B&F, and the Department of Business, Economic Development, and Tourism (DBEDT).

Your Committees find that while the Convention Center, scheduled to open in mid-1998, promises to provide economic benefits to the State as a whole, it also poses many financial challenges. B&F has indicated in its testimony, for example, that over the next six years, projected expenditures (operating and debt service) will far exceed revenues and continued state subsidy will be required.

Your Committees believe, in light of these and similar projections, that a comprehensive privatization plan should be prepared prior to the Center's opening to determine, among other things, whether privatization, in one form or another, is a feasible revenue-generating option for the State at the present time.

Your Committees have amended this measure by requiring DBEDT to formulate the privatization plan in cooperation with B&F and the CCA, and to report to the Legislature prior to the 1998 Regular Session.

As affirmed by the records of votes of the members of your Committees on Economic Development and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 527, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 527, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 7 (Bunda, Ige, M., Iwase, Solomon, Tam, Tanaka, Anderson).

SCRep. 664 Economic Development on S.B. No. 1599

The purpose of this bill is to authorize the Department of Land and Natural Resources (DLNR) to license commercial marine dealers. It also allows DLNR to exempt certain commercial marine dealers from monthly reporting requirements, and increases the time commercial marine dealers must retain receipts.

Your Committee received testimony in support of this measure from DLNR. Testimony in opposition to this bill was submitted by Boats Hawaii Inc.

Your Committee finds that current law requires commercial marine dealers to submit monthly reports of purchases and sales of aquatic life. DLNR has indicated, however, that it has had difficulty in identifying commercial marine dealers because they are not licensed. A license would identify these dealers to facilitate monitoring of aquatic life through the markets. The dealer reports could then also be used to verify the reported sales of the commercial fishers.

Your Committee notes that concerns of overregulation and added paperwork requirements were raised, but believes that they are in this instance outweighed by the critical need to carefully monitor and preserve Hawaii's aquatic resources.

Your Committee has amended this measure by:

- (1) Increasing the time that copies of marine life sales receipts must be kept on file from 6 months to 12 months (the original bill increased the time from 6 months to 24 months);

- (2) Clarifying that copies of receipts must be available for inspection upon the demand of any conservation officer authorized to enforce the laws of the State; and
- (3) Making several technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1599, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1599, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Bunda, Iwase, Solomon, Tanaka).

SCRep. 665 Economic Development on S.B. No. 1891

The purpose of this bill is to require the Convention Center Authority (Authority) to adopt rules for the use of the Convention Center by local community organizations whenever the facility is not reserved for out-of-state convention events.

Your Committee received testimony in support of this measure from the Waikiki Residents Association, the Community Vision Committee, the Ala Moana Residents Advisory Council, Neighbors of the Ala Wai, and several private citizens. Testimony in opposition of this bill was submitted by the Authority.

Your Committee finds that modern new meeting facilities are needed to address the needs of local community organizations. Enabling these groups to use the Convention Center whenever out-of-state events are not scheduled at the Center will increase the public benefit of building this important facility. It will also help to gain acceptance and cooperation of the private and public sectors in contributing to the overall success of the Center.

Your Committee has amended this measure by:

- (1) Requiring the Authority to adopt rules under this measure by December 31, 1998, and to report to the Legislature prior to the 1999 Regular Session;
- (2) Providing for an open-ended definition of "local community organization";
- (3) Deleting amendments to section 206X-1, Hawaii Revised Statutes; and
- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1891, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1891, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Bunda, Iwase, Solomon, Tanaka).

SCRep. 666 Water, Land, and Hawaiian Affairs on S.B. No. 633

The purpose of this bill is to authorize the Kauai planning commission to permit, for a period of ten years, the establishment of bed and breakfast operations on lands designated for agricultural uses, and to grant retroactive approvals, during the same ten-year period, to all bed and breakfast operations operating on agricultural lands prior to the effective date of the measure.

Your Committee finds that Kauai's growing bed and breakfast industry has contributed immeasurably to the island's recovery following the devastation of Hurricane Iniki. With several major hotels on Kauai still in the process of reconstruction and renovation, bed and breakfast accommodations have become the only practical means of filling the deficit in the number of rooms available to visitors on the island.

Bed and breakfast operations on Kauai also offer an alternative experience to visitors, one that allows them to share Kauai's own unique lifestyles, environment, and gracious at-home hospitality. Guests leave these quaint accommodations with a true sense of having been a part of the community. This encourages return visits and word-of-mouth enthusiasm for the Garden Isle.

Your Committee has amended this measure by:

- (1) Providing that the planning commission may permit new establishments and grant retroactive approvals under this measure on a case-by-case basis only on land parcels that are fifteen acres or less and designated as nonprime agricultural lands;
- (2) Reducing the time period in which the planning commission is authorized to permit such operations without regard to chapter 205, Hawaii Revised Statutes, from the year 2007 to the year 2000; and
- (3) Requiring the Office of Planning to report back to the Legislature prior to each Regular Session up to the year 2000 on the activities sanctioned under the bill.

Your Committee inserted the "fifteen acres or less" and "nonprime agricultural land" restrictions to conform the bill with the authority vested in county planning commissions pursuant to section 205-6, Hawaii Revised Statutes, and to ensure that Kauai's prime agricultural lands remain agriculturally useful.

Your Committee also believes that providing a three year window of opportunity instead of ten years to the county planning commission is sufficient to ensure that the majority of existing and potential bed and breakfast operators will be able to obtain the necessary special permits authorized under the bill.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 633, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 633, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Ige, D.).

SCRep. 667 Water, Land, and Hawaiian Affairs on S.B. No. 1016

The purpose of this bill is to enable the Department of Land and Natural Resources to modify or extend pasture leases.

Your Committee received testimony in support of the bill from the Department of Land and Natural Resources and the Hawaii Farm Bureau.

Your Committee finds that in the past, pasture leases were viewed as short term land uses which required minimum infrastructure. However, the Department of Land and Natural Resources is finding that ranchers are now seeking funding for improvements to pasture land infrastructure which would allow for livestock water systems and irrigated pastures that have now become standard operating requirements for intensive pasture operations.

Your Committee believes that the bill would expand the categories of leases eligible to secure term extensions when necessary to qualify the lease for mortgage lending purposes.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1016 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Ige, D., Taniguchi).

SCRep. 668 Water, Land, and Hawaiian Affairs on S.B. No. 1598

The purpose of this bill is to more effectively regulate the taking of aquatic resources from the territorial waters of the State.

Specifically, the bill:

- (1) Limits the number and type of aquatic life that may be taken with a small mesh net;
- (2) Permits traps with at least one escape opening to have smaller than minimum mesh size subject to departmental rule;
- (3) Deletes the commercial marine license fee waiver for fishermen "trainees";
- (4) Provides the Department of Land and Natural Resources (Department) with flexibility to exempt certain commercial marine licensees from having to report monthly; and
- (5) Clarifies when the Department must report on wet weight harvests.

Your Committee finds that current law allows a person to use a hand net or scoop net of smaller mesh to take fish or other marine life for noncommercial purposes only. However, current law is silent as to the number and type of aquatic life that may be taken. This measure limits the number and type of aquatic life that may be taken with a small mesh net.

Your Committee further finds that current law sets the legal minimum mesh size for traps made of plastic, wire, or other stiff material to protect undersized lobsters and other marine life. Traps with escape openings, such as those being used within the Northwestern Hawaiian islands, but prohibited within the main Hawaiian islands, provide for adequate escape despite the smaller than minimum mesh size. This measure authorizes the Department to establish rules allowing the use of these traps with at least one escape opening within the main Hawaiian islands.

Your Committee also finds that current law provides a fee waiver for fishermen "trainees". Since the trainee program is no longer in operation, this measure repeals the fee waiver.

Current law also requires all commercial marine licensees to submit monthly reports of marine life taken. This measure provides that a report shall only be required upon the written demand of the Department.

Your Committee further finds that the Department is required under current law to report to the public on any wet weight harvest of certain precious corals. This measure clarifies that the Department need only report if there actually is a wet weight harvest.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1598, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Ige, D.).

SCRep. 669 Water, Land, and Hawaiian Affairs on S.B. No. 1611

The purpose of this bill is to clarify that an assignee to an agricultural lease on state trust land must first qualify as a bona fide farmer before accepting the lease.

Your Committee received testimony in support of this measure from the Department of Agriculture, the Department of Land and Natural Resources, and the Hawaii Farm Bureau.

Your Committee finds that, due to ambiguities in current law, a number of non-farmers in recent years may have received assignments of agricultural leases on state trust lands.

By clarifying that assignees must be bona fide farmers, this measure allows the Department of Land and Natural Resources to ensure that state trust lands dedicated to agriculture are actually used in agricultural pursuits.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1611, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Ige, D., Taniguchi).

SCRep. 670 Water, Land, and Hawaiian Affairs on S.B. No. 1665

The purpose of this bill is to update the development valuations of special management area minor permits and special management area use permits.

Your Committee received testimony in support of the bill from the Department of Business, Economic Development, and Tourism, the City and County of Honolulu's Board of Water Supply, and the City and County of Honolulu's Department of Land Utilization. The Hawaii Chapter of the Sierra Club opposed the passage of the bill.

Your Committee finds that the bill increases the development valuation ceiling for special management area minor permits from \$125,000 to \$165,000, and raises the development valuation threshold of special management area use permits from \$125,000 to \$165,000.

Your Committee also finds that the valuation of special management area minor permits was last increased in 1991. According to the State of Hawaii Data Book, 1995, development and construction costs have increased approximately sixteen percent since then. Projects which used to be valued under \$125,000 and produced no substantial adverse effects were processed as minor permits. However, due to increased construction costs, these same types of projects are now required to apply for special management area use permits, although adverse effects remain minimal. Based on the sixteen percent increased cost data, the ceiling should be approximately \$145,000 for special management area minor permits.

Based on the testimony presented, your Committee has amended the bill by lowering the proposed ceiling and threshold amounts from \$165,000 to \$145,000 and by requiring the county authority responsible for issuing special management area minor permits to file copies of the permit applications with the Office of Environmental Quality Control. The filing is solely for the purpose of notification and does not impose any further duties or obligations on the county authority.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1665, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1665, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Ige, D.).

SCRep. 671 Health and Environment on S.B. No. 490

The purpose of this bill is to require all state agencies to maintain public parks with nonchemical means and discontinue the use of herbicides.

Your Committee heard testimony in favor of this bill submitted by the Sierra Club, Hawaii Chapter, Hawaii's Thousand Friends, and Hawaii's Coalition for Alternatives to Pesticides. The Board of Water Supply of the City and County of Honolulu submitted testimony appreciating the intent of the bill but recommended that consideration be given to the government's use of over-the-counter herbicides that are available to the general public. Testimony against this bill was submitted by the Department of Parks and Recreation of the City and County of Honolulu and Applied Public Relations (representing the American Crop Protection Association, Responsible Industry for a Sound Environment, Western Crop Protection Association, and several pesticide manufacturers).

Your Committee believes the potential risks to the environment and human health from the continued use of herbicides is a cause for concern for many of our constituents. Your Committee also believes a phased-in reduction would provide sufficient time for the agencies to experiment with various nonchemical alternatives and determine appropriate means of vegetation control and maintenance for each public park.

Your Committee amended this bill by adding a schedule with unspecified reduction percentage goals for phasing in the reduction of herbicide use in the maintenance of public parks.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 490, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 490, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Metcalf).

SCRep. 672 Health and Environment on S.B. No. 1122

The purpose of this bill is to shorten the period in which the Department of Health is required to approve or reject a noise permit application, modification, or renewal from one hundred eighty days to thirty days.

Your Committee heard testimony in favor of this bill submitted by the Consulting Engineers Council of Hawaii and Construction Industry Legislative Organization, Inc. Testimony against this bill was submitted by the Director of Health and Sierra Club, Hawaii Chapter. The Department of Transportation submitted testimony supporting the intent of the bill but deferred to the Department of Health for matters pertaining to the length of the approval period.

Your Committee agrees with the Department of Health that applications which are subject to public informational meetings, hearings, or notice requirements cannot be acted upon within thirty days, and modified this bill to provide for those situations. Your Committee does not favor provisions which become effective upon an agency's failure to act, and has redrafted the subsection to require an affirmative act by the Department of Health to make the applications and permits effective.

Your Committee amended this bill by:

- (1) Deleting the language making the failure of the Department of Health to act on an application within the prescribed period an act of approval by default;
- (2) Requiring the Department of Health to act on applications for noise permit, modification, or renewal within thirty days from receipt of a complete application;
- (3) Creating an exception from the approval period for applications for which the Director of Health has deemed that a public informational meeting, hearing, or notice is appropriate; and
- (4) Making a technical, nonsubstantive change.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1122, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1122, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Metcalf).

SCRep. 673 Health and Environment on S.B. No. 1574

The purposes of this bill are to:

- (1) Allow for the extension of the provisional admission to school for children who have not completed the Department of Health's (DOH) required immunization schedule;
- (2) Require the school administrator, rather than DOH, to notify the parent or guardian that the child shall not be admitted to school if the required immunization or physical examination is not completed within thirty days;
- (3) Clarify the authority of school health aides regarding the administration of medication;
- (4) Clarify quality assurance standards for HIV testing;
- (5) Allow DOH to centralize its roster of exemptions from immunizations or vaccinations; and
- (6) Repeal chapter 321, part XI, Hawaii Revised Statutes, providing state financial assistance for the care and treatment of chronic renal disease.

Your Committee received testimony in support of this measure from DOH and the Department of Education. The Hawaii Government Employees Association submitted testimony expressing certain concerns with the bill as drafted.

Your Committee finds that it is necessary to extend the three-month provisional admission of children who have not completed their immunizations in accordance with DOH requirements because the minimum intervals between doses for some immunizations, such as the Hepatitis B and Tetanus-Diphtheria, are longer than the time allowed.

Your Committee further finds that:

- (1) It will be more efficient and expeditious for school administrators to send out exclusion notices to parents or guardians as soon as children are identified by the schools as not having completed required immunizations or physical examinations. Current law requires schools to send lists of these children to DOH, which must then send the exclusion notices to the parents.
- (2) Allowing school health aides to administer certain medications with the authorization of parents or guardians will help to protect the health of children while at school.

- (3) Amendments to current law dealing with quality assurance standards for HIV testing reflect current testing methods and FDA approval requirements.
- (4) Allowing DOH to maintain the complete roster of all exemptions from immunizations or vaccinations in the Immunization Program Office in Honolulu will allow for better planning and outbreak management of vaccine-preventable diseases.
- (5) The repeal of chapter 321, part XI, Hawaii Revised Statutes, is warranted since current Medicare and Medicaid programs make state funds for medical costs associated with chronic renal disease unnecessary.

Your Committee has amended this measure by deleting the restrictive language concerning the authority of school health aides to administer medication needed for emergency or life threatening situations, and by making a technical, nonsubstantive change for purposes of style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1574, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1574, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 674 Health and Environment on S.B. No. 1711

The purpose of this bill is to clarify that peer review proceedings and medical records are exempt from public disclosure by the Hawaii Health Systems Corporation (HHSC) and to remove the disclosure exemption for applications for credentials and staff privileges and records relating to marketing, negotiations and related matters of the Hawaii Health Systems Corporation.

Your Committee received testimony in support of this bill from the Hawaii Medical Association and the Hawaii Government Employees Association. The Hawaii Health Systems Corporation submitted testimony opposing this bill.

Your Committee finds that peer review records and medical records are usually held to be confidential by law. Your Committee further finds that matters of credentials and privileges should be open to the public in order to properly monitor the quality of personnel. Your Committee believes that there is no justification for protecting marketing strategies and the like from public disclosure, in view of the fact that several organizations which provide health care services in the State of Hawaii have representation on the HHSC Board, and therefore will already be aware of the HHSC marketing strategies (in fact, will be helping to establish them).

Your Committee has amended this bill by correcting a citation to the procurement code and by making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1711, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1711, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 675 (Joint) Commerce, Consumer Protection, and Information Technology and Judiciary on S.B. No. 1113

The purpose of this bill is to establish new procedures for non-judicial foreclosures.

Your Committees received testimony in support of this bill from Title Guaranty of Hawaii and Hawaii Financial Services Association.

Non-judicial foreclosures occur when a lender or mortgagee forecloses on a mortgage under a power of sale without resorting to judicial process.

Your Committees find that the current power of sale foreclosure law is deficient in many respects, particularly in the notice procedures and the status of liens. Your Committees believe that this bill is a vast improvement to the current law in satisfying the concerns of the lender and providing equitable protections to the borrower.

Your Committees have amended this bill on the recommendation of the Hawaii Financial Services Association by extending from thirty to sixty days the notice requirements and by allowing required mailings by regular mail, postage prepaid, in addition to certified or registered mail. Also, as amended, new notices of a postponement of a public sale shall be sent not less than thirty days before the date of the public sale. Your Committees have also made a technical, nonsubstantive amendment for clarity and style.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Information Technology and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1113, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1113, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 11. Noes, none. Excused, 3 (Aki, Metcalf, Solomon).

SCRep. 676 Commerce, Consumer Protection, and Information Technology on S.B. No. 1117

The purpose of this bill is to amend the unclaimed property law by providing that a gift certificate or credit memo which contains an expiration date of less than five years shall be deemed abandoned on its expiration date. The bill also provides that any property so abandoned shall not escheat to the State and defines "gift certificate".

Your Committee received testimony in support of this measure from the Retail Merchants of Hawaii, Legislative Information Services of Hawaii, Inc., Liberty House, Hawaii Restaurant Association and seven of its members. The Department of Budget and Finance and the Department of Commerce and Consumer Affairs submitted testimony in opposition.

Your Committee agrees with the Department of Commerce and Consumer Affairs that exempting gift certificates and credit memos from the escheat laws does not benefit consumers or merchants and is not in the public interest.

Your Committee amended this bill by deleting the exemption for gift certificates and credit memos from the escheat laws.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1117, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1117, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 677 Commerce, Consumer Protection, and Information Technology on S.B. No. 1247

The purpose of this bill is to amend Chapter 92, Hawaii Revised Statutes (HRS), to provide that a permit application which does not receive a majority vote by a board or commission in favor of or against the application shall be deemed to be denied.

Your Committee received testimony in favor of the bill from the Sierra Club, Hawaii Chapter. The Land Use Research Foundation of Hawaii, and Hawaiian Electric Company, Inc. submitted testimony in opposition. The Board of Land and Natural Resources (BLNR) had no objection to the bill with regard to its application to chapter 183C, HRS.

Your Committee finds that if members of a board are absent or excused due to a conflict of interest, there may be an insufficient number of members voting to approve or deny an application by a majority of the membership of the board. The BLNR testified this bill would assist in situations where a permit is automatically approved because a board does not have a majority vote within a statutorily mandated time period.

Your Committee also heard concerns that the language is overly broad and the bill would convert "non-action" by any board into a "no" vote, and that if the board can't act within a reasonable time the applicant should be able to take the requested action.

Your Committee believes all the concerns are well taken. Your Committee has amended the bill to reduce the voting requirement from a majority of the membership of a board to a majority of a quorum as sufficient to make a board action valid. Language has been added to provide that a tie vote of a board shall be deemed a decision denying the application. In addition, the provisions on notice have been moved to the end of the section.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1247, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1247, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 678 Commerce, Consumer Protection, and Information Technology on S.B. No. 1499

The purposes of this bill are to require insurers and licensees to respond in writing within fifteen days to written and oral inquiries made by the Insurance Commissioner in regards to insurance claims or consumer complaints and to allow nonresident independent adjusters to work in Hawaii for a limited time after a catastrophe without a Hawaii license.

Your Committee received testimony in support of this bill from the Department of Commerce and Consumer Affairs. The Hawaii Insurers Council submitted comments.

Your Committee finds that current law, section 431:13-103(10), Hawaii Revised Statutes, only requires insurers to respond to inquiries regarding claims. This bill, by including response to inquiries regarding complaints, will allow the Insurance Division to act quickly in investigating complaints.

Your Committee also finds that after a catastrophe, there often is need to allow nonresident independent adjusters licensed in other states to assist Hawaii's residents in quickly obtaining relief. The amendment to section 431:9-105 proposed in this bill will facilitate this.

Your Committee has amended this bill by clarifying that the insurer or licensee is required to submit a written response within fifteen days only to written inquiries by the Insurance Commissioner. Technical, nonsubstantive changes were made for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1499, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1499, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 679 Commerce, Consumer Protection, and Information Technology on S.B. No. 1948

The purpose of this bill is to eliminate on June 1, 2000, the existing prohibition on de novo interstate branching and partial acquisition of branches by out-of-state banks, and the five-year age requirement for whole bank acquisition under the new Hawaii interstate branching law.

Your Committee received testimony in support of the intent of this measure, with amendments, from the Commissioner of Financial Institutions and the Bank of Hawaii. The Bank of Honolulu submitted testimony in opposition.

Your Committee finds that this bill would amend Act 155, Session Laws of Hawaii 1996, to allow for interstate branching effective June 1, 1997, and sunset after three years the three restrictions imposed by the Act:

- (1) The five-year aging requirement for acquisition of a financial institution by an out-of-state bank or holding company;
- (2) The prohibition of de novo branching; and
- (3) The prohibition of partial acquisition.

Your Committee has heard testimony that these amendments would create a more open business environment, with the expectation of attracting new capital and potential industries to Hawaii.

Your Committee supports the overall intent of the bill, but agrees with the concerns expressed that the current language does not accomplish the objectives. Your Committee has amended this bill accordingly by deleting the current language of S.B. No. 1948 and inserting new language which:

- (1) Amends section 412:12-104(b)(1), Hawaii Revised Statutes (HRS), to add that the five-year provision remains in effect from June 1, 1997, to May 31 of an unspecified year;
- (2) Amends section 412:12-104(d), HRS, to add language requiring any out-of-state bank involved in a merger with a Hawaii bank to confirm in writing that it will comply with all applicable laws of this State; and
- (3) Repeals the content of section 412:12-105, HRS, and replaces it with language for the authority of out-of-state banks to establish a de novo interstate branch or acquire an interstate branch, after May 31, of an unspecified year.

Your Committee is in accord that these amendments more effectively address the intent to provide for the best interests of the State and its residents through a more open approach to interstate banking.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1948, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1948, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 680 Commerce, Consumer Protection, and Information Technology on S.B. No. 228

The purpose of this bill is to clarify the definition of chiropractic to be the science of palpating and adjusting the articulations of the human spinal column by hand only.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, the Hawaii Chapter American Physical Therapy Association, the Hawaii Insurers Council, ILWU Local 142, The Haku Alliance, Willocks Construction Corporation, and one individual. The Board of Chiropractic Examiners, the Hawaii State Chiropractic Association, and one individual submitted testimony in opposition. The Hawaii Medical Association submitted comments.

Your Committee further finds that the definition of chiropractic has not been updated since first adopted in 1925. However, in September 1996, the Hawaii State Chiropractic Association sought to further define the scope of chiropractic practice through rules by filing a petition for declaratory relief with the board of chiropractic examiners. Your Committee believes that if the scope of chiropractic practice needs clarification, then the legislature is the appropriate body to address this matter. This measure accomplishes that objective.

Your Committee heard that the definition as proposed was overly restrictive. However, your Committee is mindful of the need to balance the desires of chiropractors for a broader practice with the need to ensure protection for consumers of chiropractic services. The amendments to this bill seek to strike that balance.

Your Committee has amended the bill to include additional treatment methods appropriate to chiropractic training, exclude the treatment of disease, and define the term "spinal". Your Committee believes these amendments will have a beneficial effect on both consumers and practitioners.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 228, as amended

herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 228, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 681 Commerce, Consumer Protection, and Information Technology on S.B. No. 1565

The purpose of this bill is to amend the State's insurance code to prohibit:

- (1) Genetic information discrimination in health insurance coverage by an insurer, mutual benefit society, or health maintenance organization;
- (2) Insurers from requesting or requiring collection or disclosure of an individual's or family member's genetic information; and
- (3) Disclosure of genetic information without consent of the individual.

Your Committee received testimony in support of this measure from the Department of Health, the State Commission on Persons with Disabilities, the Hemophilia Foundation of Hawaii, and the American Association of Retired Persons. State Farm Insurance Companies and the American Council of Life Insurance submitted testimony in opposition.

Your Committee finds that an individual's genetic information is different from other types of medical information since it can indicate an individual's risk for future disease, and future health risks to family members. Studies have shown that insurers have used genetic information to discriminate against people, and this discrimination has resulted in a reluctance on the part of some people to provide genetic information or test results to health care providers, even when it will improve their health status.

Your Committee has also heard the concerns of the insurance industry that the effect of this or similar legislation could eventually prohibit all medical underwriting and eliminate the current process of risk classification by insurers.

Your Committee supports the intent of the bill, but believes the concerns of the insurance industry have merit. Your Committee has amended section 1 of the bill to include language that this section shall not apply in connection with life insurance, disability income insurance, and long-term care insurance policies delivered or issued in Hawaii.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1565, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1565, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 682 Commerce, Consumer Protection, and Information Technology on S.B. No. 1736

The purpose of this bill is to create a private right of action for residents who discover possible violations of the county building permit law or violation of section 444-10.5, Hawaii Revised Statutes (HRS), which sets forth reasons for citing unlicensed contractor activity. It allows the county building department or the Regulated Industries Complaints Office (RICO) to issue a "right to sue" letter authorizing private prosecution to the person.

Your Committee receive testimony in support of this measure from the Building Industry Association of Hawaii, the Subcontractors Association of Hawaii, the Hawaii Island Contractors' Association, and the Department of Commerce and Consumer Affairs with some reservations regarding language.

Your Committee finds that unlicensed contractors in this State often bilk the public by promising more than they can perform competently, and then fail to complete the job or do so inadequately. While penalties are imposed on unlicensed contractors, identification remains a problem.

Your Committee acknowledges that the provisions of the bill, as written, are harsh and probably unworkable. Your Committee is in agreement that improving the public's ability to identify and report unlicensed contractors would be an asset to those regulatory agencies that deal with unlicensed contractors. Your Committee has amended the bill by deleting the proposed new sections added to chapter 444, HRS, and inserted language to amend section 444-17, HRS, to require licensed contractors to display the name and license number of the contractor at the work site, thus making unlicensed contractors who cannot display a sign that accurately carries a contractor's license number visible to the public.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1736, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1736, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 683 (Majority) Commerce, Consumer Protection, and Information Technology on S.B. No. 1954

The purpose of this bill is to require utility lines exceeding forty-six kilovolts in urban districts, to be placed underground, unless a compelling public interest requires the utility lines to be placed above ground.

Your Committee received testimony in support of this bill from the Hawaii Chapter of the Sierra Club, Na Leo Pohai, and a private citizen. Your Committee received testimony in opposition of this bill from the Public Utilities Commission, Hawaiian Electric Company, Hawaii Electric Light Company, and Maui Electric Company. Comments were submitted by the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, Life of the Land, and a private citizen.

Your Committee finds that the construction of electric transmission lines exceeding forty-six kilovolts raises an immediate concern as to their impact in terms of aesthetics, culture, the environment, land use, and property ownership. Although research concerning these types of electric transmission lines is inconclusive as to health and medical effects, your Committee recognizes that the decisionmaking process must account for the interest of the public and the environment, as well as the utility industry's desire to deliver energy in an efficient and inexpensive manner.

Your Committee seeks to clarify the criteria to be used by the Public Utilities Commission to determine if a utility company will be required to underground an electric transmission line exceeding forty-six kilovolts within an urban district by reducing the criteria to the following factors: (1) Historical, cultural, and archaeological factors; (2) Protection of significant view planes; and (3) The health and safety of the general public. If the Public Utilities Commission finds no adverse effect based on these factors, the Commission may authorize the placement of the electric transmission lines above ground.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1954, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1954, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, 1 (Slom). Excused, 1 (Aki).

SCRep. 684 (Majority) Human Resources on S.B. No. 259

The purpose of this bill is to provide for the issuance of a certification of majority status to an exclusive bargaining representative who demonstrates majority support among employees in an appropriate bargaining unit through authorization cards for recognition to the Hawaii Labor Relations Board (HLRB) under chapter 377, Hawaii Revised Statutes.

Your Committee received testimony in support of this bill from the Hawaii State AFL-CIO and the ILWU Local 142.

This bill requires the HLRB to certify a labor organization as an exclusive bargaining representative for collective bargaining purposes upon presentation of a showing of majority support through authorization cards in a appropriate unit for bargaining. Your Committee finds that such a procedure ensures the free exercise of rights established under section 377-4, Hawaii Revised Statutes, in accordance with the principle of majority rule.

Your Committee has amended this bill to afford the HLRB discretion to promulgate rules and regulations identifying appropriate bargaining units and to require that the Board verify the authenticity of the signatures on authorization cards presented to demonstrate majority support from the employees. We have also made technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 259, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 259, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Sakamoto). Excused, 2 (Baker, Levin).

SCRep. 685 Human Resources on S.B. No. 730

The purpose of this bill is to clarify provisions under Hawaii's public sector collective bargaining law governing access and removal of personal records of employees.

Your Committee received testimony in support of this bill from the United Public Workers, AFSCME, Local 646, AFL-CIO and testimony in opposition to the bill from the Office of Collective Bargaining, Department of Human Resources Development, and the Office of Information Practices.

Your Committee finds there is a need to clarify the applicable standards governing access to and removal of personal records from the files of employees. We recognize that exclusive bargaining representatives have a duty of fair representation to employees and need ready access to personal records of public employees, particularly when class action grievances have been filed. As part of their duty to bargain in good faith during the existing term of an agreement employers must provide access to personal records upon request. In many cases agreements specify time limits for the prompt disclosure of records by public employers. The disclosure of such records should not be delayed based on ambiguities in the current law.

Moreover, your Committee finds that employers have negotiated terms which require the removal and destruction of derogatory materials from the personal file of employees after two years. All too often public employers have been dilatory in the removal of such materials which reflect negatively on employees and may unduly prejudice employees in future personnel actions.

Accordingly, your Committee has amended this bill to clarify the duties and responsibilities of public employers in connection with access to and removal and destruction of personal records. Employers shall provide access to records in accordance with their duty to bargain in good faith and pursuant to terms of existing collective bargaining agreements. In addition, employers shall comply promptly with requests to remove and destroy derogatory materials which may be unduly prejudicial to employees in future personnel actions when those records are more than two years old. The removal and destruction of such records shall be made in accordance with the terms and provisions of the applicable collective bargaining agreement.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 730, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 730, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Sakamoto, Anderson).

SCRep. 686 Human Resources on S.B. No. 734

The purpose of this bill is to delete "seaman" from the list of employment situations excluded from the definition of "employee" in the wage and hour law.

Your Committee received testimony in opposition to this bill from the Department of Labor and Industrial Relations, Maui Commercial Boaters and Ocean Affiliated Transportation, Matson Navigation Company, Sause Brothers Inc., and Atlantis Submarines.

To address the concerns of those testifying in opposition to the bill, your Committee has amended the bill to clarify that this measure is not intended to affect seamen:

- (1) Who are on a foreign, intercoastal, or coastwise voyage;
- (2) Who perform work beyond three nautical miles offshore; or
- (3) Whose wages provided for in a collective bargaining agreement are not less than the minimum wage under section 387-2, Hawaii Revised Statutes.

Furthermore, your Committee finds that section 387-2(6), Hawaii Revised Statutes, already provides an exemption for an individual employed in the catching of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal or vegetable life, including the going to and returning from work and the loading and unloading of such products prior to first processing.

The intention of your Committee is to not affect employees involved with ocean recreational activities with the implementation of this measure.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 734, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 734, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Sakamoto, Anderson).

SCRep. 687 Human Resources on S.B. No. 736

The purpose of this bill is to prohibit certain provisions, relating to arbitration of disputes, in employment agreements between employer and employee who is not covered by a collective bargaining agreement, which are made a condition of employment.

Your Committee received testimony in support of this bill from the Hawaii Civil Rights Commission. Testimony in opposition to this bill was received from the Chamber of Commerce of Hawaii, Grove Farm Company, Inc., Otaka, Inc., and a private attorney.

Your Committee has amended this bill to provide that it is an unlawful discriminatory practice to include mandatory arbitration of disputes pertaining to statutorily protected rights in employment contracts. As amended, this bill also defines statutorily protected rights as including civil rights and fair employment practices law.

Your Committee has reviewed Brown v. KFC National Management Co., 82 Haw 226 (1996) and finds as a matter of public policy that it should be an unlawful discriminatory practice for an employer to require an employee as a condition of hire and of continued employment to give up statutory remedies and the right to a jury trial established by law. Arbitration remains a voluntary undertaking generally and should not be mandated in the civil rights and fair employment practice area.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 736, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 736, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Sakamoto, Anderson).

SCRep. 688 Health and Environment on S.B. No. 137

The purpose of the bill is to permit registered nurses to make pronouncements of death.

Your Committee heard testimony in favor of this bill by Healthcare Association of Hawaii and Hawaii Nurses' Association. The Board of Nursing submitted testimony stating it was unable to support this bill because it did not "address the type of settings in or the procedures by which the determination of death would be made or whether there would be telephonic communication with a physician."

Your Committee agreed with the Healthcare Association of Hawaii and Hawaii Nurses' Association that permitting licensed registered nurses to make pronouncements of death merely recognizes those nurses' expertise to make those determinations and legitimizes a practice that in reality has been in effect for numerous years.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 137 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Metcalf).

SCRep. 689 Health and Environment on S.B. No. 373

The purpose of this bill is to amend the provisions of the Water Pollution law that involve the:

- (1) Requirements for public hearings for the issuance of water pollution permits; and
- (2) Conditions to modify, suspend, revoke, or reissue any sludge permit;

so that these provisions will be consistent with federal regulations.

Specifically, the bill would, among other things:

- (1) Prohibit the Director of Health (Director) from granting or denying a water pollution permit without affording any person who commented on the proposed permit during the public comment period, an opportunity for a hearing in accordance with Chapter 91, Hawaii Revised Statutes (HRS);
- (2) Specify that a request for a hearing and any judicial review of the hearing will not stay the effect of the permit, unless specifically ordered by the Director or a court; and
- (3) Authorize the Director to modify, suspend, revoke, or revoke and reissue any sludge permit, after affording the permittee an opportunity for a hearing in accordance with Chapter 91, HRS, and consistent with federal regulations.

Testimony supporting the bill was received from the Department of Health (Department) and Hawaii's Thousand Friends.

The Department stated that the amendments contained in the bill are essential to make these provisions consistent with federal regulations.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 373 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Metcalf).

SCRep. 690 Health and Environment on S.B. No. 1562

The purpose of this bill is to clarify the labeling and refilling requirements for a prescription drug that is issued to the consumer.

The bill permits a prescription drug to be refilled up to twelve months from the date the original prescription was written if the number of refills authorized by the practitioner is indicated using the terms "as needed" or "prn". In addition, the bill allows these types of prescriptions to be filled once, for a thirty-day supply, within a three-month period, but not to exceed fifteen months beyond the original prescription date.

Your Committee received testimony in support of this bill from the Department of Health and Kaiser Permanente. The Hawaii Pharmaceutical Association submitted written testimony opposing this bill but was not present at the hearing to offer comments or respond to questions.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1562 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Metcalf).

SCRep. 691 Health and Environment on S.B. No. 1794

The purpose of this bill is to require the Department of Health (Department) to adopt rules in accordance with Chapter 91, Hawaii Revised Statutes, that allow for the transfer of sanitation permits issued to restaurants; provided that minimum sanitation standards of the Department are maintained.

Favorable testimony on this bill was received from the Hawaii Restaurant Association and a number of its members, including: Jolly Roger Hawaii Inc.; Rex's Steak and Seafood; Jose's Mexican Restaurant; Cinnamon's Restaurant; 3660 on the Rise; Kakaako Kitchen; Host Marriott Corporation; and Alan Wong's Restaurant. The Department of Health testified that it did not support the bill.

In its testimony, the Hawaii Restaurant Association (HRA) indicated that prior to the 1996 rules regarding sanitation permits, these permits were free and had no expiration date. The 1996 rules require fees for permits and renewal after two years. The HRA stated that the transferability of sanitation permits was requested during the rulemaking process. However, the Department stated that it did

not have statutory authority to allow for any transfer of these permits. Your Committee believes that this can be remedied by this measure.

Your Committee has been informed that the Department is inspecting the older food establishments first, and is renewing those permits where food is being served safely, although these facilities do not conform to the new rules. Your Committee believes that it is unfair to burden prospective owners of a food establishment, whether by sale or bequest, by requiring them to expend financial resources on their facilities in instances where food has been served safely.

Additionally, your Committee has learned that the 1996 rules removed the requirement that health inspectors be registered sanitarians. To ensure the public health, health inspectors should be properly credentialed. Further, permit holders should not be subject to closure or other enforcement practices by an individual who is merely "duly appointed by the director" and not a registered sanitarian.

Testimony also indicated that the Department is authorized to collect the sanitation permit fees until the year 2000, and that the fees collected are being used to fund the education and training of the Sanitation Branch. Your Committee feels that it is not unreasonable to request an accounting of these funds as the data will aid in determining whether the restaurant industry and the public is benefitting from this program.

Also, according to the HRA, the 1996 sanitation rules fail to meet six of the twelve parts of the Food and Drug Administration (FDA) Model Food Code of 1996. Because the rulemaking process is not timely, your Committee agrees with the suggestion of the HRA that an Advisory Council of Food Protection Practices (Council) be convened to work in partnership with the Department to develop uniform standard procedures and update its rules to conform with new food technology and practices and the latest FDA Model Food Code. This Council would be an offshoot of the ad hoc Food Industry Roundtable that was organized to resolve the bento safety issue.

After carefully considering the merits of the measure and the testimony received, your Committee has amended the bill by:

- (1) Statutorily allowing sanitation permits to be transferred upon the sale of a food establishment;
- (2) Specifying that only registered sanitarians and not appointed agents of the Department are authorized to inspect food establishments;
- (3) Requiring that annual audits of the Sanitation Branch be performed; and
- (4) Creating an Advisory Council on Food Protection Practices that will:
 - (a) Advise the Department on sanitation issues and food protection;
 - (b) Advise the Department, in consultation with the Department of the Attorney General, regarding the adoption of rules relating to sanitation and food protection practices; and
 - (c) Advise the Department on ways to bring the Department's sanitation rules into compliance with the FDA Model Food Code of 1996.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1794, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1794, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 692 (Joint) Human Resources and Ways and Means on S.B. No. 1652

The purpose of this bill is to remove, effective June 30, 1997, the requirement that a firefighter or police officer serve in that capacity within five years of retirement in order to qualify for early retirement benefits.

The bill also allows such members to retire without reduction in the allowance if the member has at least twenty-five years of credited service of which twenty years were served as a firefighter or a police officer, and the member transferred to another state or county position after a certified physical or mental permanent incapacity that resulted from service as a police officer or firefighter.

Your Committees received informational testimony on this bill from the Department of Personnel of the City and County of Honolulu and the Employees' Retirement System.

Your Committees believe that firefighters and police officers who suffer a physical or mental disability from the job after at least twenty-five years of service and who are transferred accordingly, should be able to maintain their retirement allowance at the level to which they were entitled as a police officer or firefighter.

Your Committees wish to clarify that a double retirement benefit is not intended for those who are on an ordinary disability under section 88-75, Hawaii Revised Statutes (HRS), or an occupational disability under section 88-79, HRS.

Your Committees have made a technical, nonsubstantive amendment for clarity and style.

As affirmed by the records of votes of the members of your Committees on Human Resources and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1652, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1652, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 11. Noes, none. Excused, 4 (Fernandes Salling, Iwase, Sakamoto, Anderson).

SCRep. 693 Judiciary on S.B. No. 1286

The purpose of this bill is to allow minors to participate in controlled purchases of tobacco products as part of a law enforcement activity or study authorized by the state Department of Health to determine the level of incidence of tobacco sales to minors.

Testimony in support of this measure was submitted by the Honolulu Police Department, the Hawaii Medical Association, and the American Lung Association of Hawaii.

Your Committee finds that both nationally and within our State, one of our most serious public health concerns is that of preventing the use of tobacco by minors. Your Committee further finds that one of the more successful methods of preventing the use of tobacco by minors is to monitor sales of tobacco to ensure compliance with the statewide prohibition of sales to minors.

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 S.B. No. 1286 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 694 Judiciary on S.B. No. 346

The purpose of this bill is to remove the drug fenfluramine from the list of controlled substances included in the schedule IV of chapter 329, Hawaii Revised Statutes.

Your Committee finds that the federal Drug Enforcement Agency is presently conducting a review to determine whether the drug fenfluramine should be re-scheduled, transferred, or removed from the federal controlled substances schedule, and its decision is impending. Your Committee further finds that since the effective date of this measure is directly linked to any federal action, the Committee will agree to keep this measure alive pending notification from the federal government regarding its decision. However, your Committee further notes that it is not seeking to obviate the authority of the state narcotics enforcement division nor the processes established under chapter 329, Hawaii Revised Statutes.

Your Committee has amended this measure by making technical nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 346, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 346, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 695 Judiciary on S.B. No. 1267

The purpose of this bill is to facilitate the collection and appropriate adjustment of child support.

Testimony in support of this bill was received from the State Attorney General, Department of Human Services, and the Office of the Corporation Counsel of the County of Hawaii.

Your Committee finds that the provisions in this measure will facilitate the payment or appropriate adjustment of child support by extending the statute of limitations to allow the collection of child support until ten years after the child reaches the age of majority. Your Committee further finds that this measure creates a presumption for a child support modification review based on a quantitative standard; provides for the method in which the direct payment agreement can be voided by the agency when a parent applies for services and clarifies that the agency will not keep records while a direct payment agreement is in effect; and includes medical insurance premiums, such as MedQuest payments, incurred during the period of pregnancy, childbirth, and confinement, as part of pregnancy and confinement expenses that are recoverable from the father.

Your Committee has amended this measure by:

- (1) Removing all references to family and spousal support as the title of this measure limits its scope to child support;
- (2) Making technical, nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1267, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1267, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 696 Judiciary on S.B. No. 823

The purpose of this bill is to allow persons to transfer an inherited firearm directly to a dealer licensed under the firearms laws of Hawaii or the federal government without first obtaining a permit through the chief of police of the county in which they have a business or residence.

Testimony in support of this measure was submitted by Hawaii Citizens' Rights and the Hawaii Rifle Association. Testimony was submitted by the Honolulu Police Department requesting a clarifying amendment regarding the transfer of ownership.

Your Committee finds that under present law, anyone who inherits a firearm must first obtain a permit before taking possession of the firearm. Your Committee further finds that some individuals who inherit firearms do not intend to keep them, but rather sell them to firearms dealers, and thus the required permit process to transfer ownership becomes burdensome for the heir.

Upon further consideration, your Committee has amended this measure by requiring persons who inherit firearms to present directly to the firearms dealer a copy of the death certificate of the owner from whom they inherited the firearm.

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 S.B. No. 823, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 823, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Metcalf, Sakamoto, Anderson).

SCRep. 697 Judiciary on S.B. No. 328

The purpose of this bill is to allow the forfeiture of certain firearms and other items prohibited by law.

Testimony in support of this measure was received from the Honolulu Police Department and testimony in opposition to this measure was submitted by Hawaii Citizens' Rights.

Your Committee finds that Hawaii's forfeiture law allows the appropriate law enforcement agency to confiscate property used in committing many types of crimes, including offenses against property or persons and the distribution and possession of dangerous drugs. Your Committee further finds that certain prohibited firearms, firearm parts, and ammunition are used in the commission of many types of offenses, but are not presently included under our forfeiture law. Your Committee agrees that these types of items should be confiscated when used in the commission of a crime because they pose a threat to public safety should they remain in the possession of an offender. Your Committee is also aware that our present forfeiture law includes provisions to protect the public from excess forfeiture by allowing the court to limit the scope of the forfeiture.

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

- (1) Amending the title of section 134-8, Hawaii Revised Statutes, to accurately reflect the types of prohibited items which would be subject to forfeiture; and
- (2) Indicating ownership of prohibited items in section 134-8, Hawaii Revised Statutes, are included under covered offenses subject to forfeiture provisions.

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 S.B. No. 328, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 328, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Metcalf, Sakamoto, Anderson).

SCRep. 698 Judiciary on S.B. No. 1657

The purpose of this bill is to amend the law relating to tax appeals by deleting reference to a specified date for filing a second appeal of a real property tax assessment and to allow the counties to establish their own filing requirements.

Your Committee received testimony in favor of this measure from the Director of Finance of the City and County of Honolulu.

Your Committee recognizes that the counties have established different dates in their respective ordinances with respect to meeting the requirements for an automatic filing of a second appeal of a real property tax assessment. In particular, the Revised Ordinances of Honolulu specifies that date as January 9th, while the ordinances of the other counties specify April 9th as the date before which the first appeal must not have been decided in order to qualify for an automatic second appeal.

Your Committee finds that this bill is necessary to maintain the integrity of the respective counties' budgetary processes by ensuring that estimated tax realizations accurately reflect disputed funds, and that adequate funds are placed in escrow to refund taxes. Your Committee finds that the counties should have the authority to set their own deadlines for real property tax assessment appeals.

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 S.B. No. 1657 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Metcalf, Sakamoto, Anderson).

SCRep. 699 Judiciary on S.B. No. 1484

The purpose of this bill is to conform portions of the insurance code to the national minimum financial regulatory standards necessary for the Insurance Division to be accredited by the National Association of Insurance Commissioners (NAIC).

Your Committee finds that part IV of article 3 of the insurance code, on risk-based capital for life and health insurers, was enacted in 1994 based upon the NAIC's Risk-Based Capital for Life and/or Health Insurers Model Act. The NAIC model act has since been revised to apply to property and casualty companies, and incorporates an immunity provision.

Your Committee further finds that adoption of the new, revised model act is an accreditation requirement of the NAIC. The State was recently accredited by the NAIC for five years. Thus, amending the State's insurance code now to incorporate the recent revisions to the NAIC model act is necessary for the State to renew its accreditation at the end of five years.

Your Committee has amended this bill by deleting a reference to chapter 92F, Hawaii Revised Statutes, in the amendment to section 431:3-407, Hawaii Revised Statutes. Your Committee believes that reference to chapter 92, Hawaii Revised Statutes, alone is sufficient to ensure a confidential hearing to the insurer, and that the reference to chapter 92F is superfluous.

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 S.B. No. 1484, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1484, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 700 Judiciary on S.B. No. 1159

The purpose of this bill is to preserve actions taken by business corporations prior to July 1, 1996, to eliminate or limit the personal liability of their directors, as authorized, directed, or provided for and approved by the shareholders of the corporation through the corporation's bylaws.

Your Committee finds that this bill will benefit Hawaii's business community by clarifying the interpretation and simplifying the implementation of the Hawaii Business Corporation Act by ensuring that the statutory regulation of this area of corporate law that was enacted last year does not destabilize corporate actions taken prior to the enactment of that law.

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 S.B. No. 1159 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 701 Judiciary on S.B. No. 1197

The purpose of this bill is to increase the periods during which drivers' licenses remain valid for several groups.

Under this bill, driver's license expiration periods are extended as follows:

- (1) For persons fifteen to seventeen years of age, from two years to four years;
- (2) For persons eighteen to seventy-one years of age, from four years to six years; and
- (3) For persons seventy-two years of age or older, from two years to four years.

Additionally, this bill requires a person to retake the licensing examination only if the license has expired and has not been reactivated within one year of expiration. This measure also raises the required age for a regular driver's license from seventeen to eighteen, but authorizes special licenses for persons fifteen to seventeen years of age. This bill also eliminates rules of the road tests for license renewals.

Your Committee finds that longer renewal periods for wider age groups of persons, automatic license reactivations for expired licenses, and elimination of the rules of the road test will serve to streamline licensing procedures without compromising public safety. Costs and workloads, especially for county agencies, will be reduced, with a concomitant reduction of the regulatory burden upon the driving public. Accident statistics provide no evidence that the frequency of renewal testing bears any causal relationship to driving habits or accident rates.

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 S.B. No. 1197, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 702 Judiciary on S.B. No. 364

The purpose of this bill is to immunize the government for accidents or injuries occurring on unimproved public property.

Testimony in support of this bill was received from the Board of Land and Natural Resources, Hawaii State Association of Counties, the City Council of Maui, the City and County of Honolulu, the Corporation Counsel of the County of Maui, the Honolulu Board of Water Supply, and the Maui Hotel Association. Testimony in opposition was received from the Consumer Lawyers of Hawaii.

Your Committee finds that State and county governments should not be subject to liability for accidents or injuries that occur due to natural conditions on unimproved public property. Accordingly, we support the intent of this measure to immunize government from liability for injuries resulting from natural conditions. Your Committee further finds that through Act 190, Session Laws of Hawaii, Regular Session of 1996, the legislature established that the State or county has a duty to warn the public about specifically dangerous conditions through signage, and that such signs shall be conclusively presumed to be legally adequate warning of such conditions. Thus, your Committee agrees that providing immunity should not relieve government of the obligation to post signs at beach parks warning citizens and visitors of known dangerous conditions.

Accordingly, your Committee has amended the bill by:

- (1) Requiring the state or county operating a beach park to submit to the Chairperson of the Board of Land and Natural Resources a plan for signage that must be approved or amended within ninety days;
- (2) Providing that the signage plan required under the measure will not be construed to impose liability to the State and counties; and
- (2) Repealing Act 190, Session Laws of Hawaii, 1996, because the provisions of this bill now supersede.

Your Committee notes that Act 190 also established a task force to advise the Chairperson of the Board of Land and Natural Resources regarding the adequacy of plans and the design and placement of warning signs and devices. It is your Committee's intent and expectation that the task force continue to exist and complete its duties notwithstanding the repeal of Act 190.

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 S.B. No. 364, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 364, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 703 Judiciary on S.B. No. 986

The purpose of this bill, as received by your Committee, is to clarify provisions relating to nonconsensual common law liens and to make such provisions retroactive to April 22, 1996, the date of enactment of the enabling law.

Testimony in support of this bill was submitted by the Board of Land and Natural Resources, the Attorney General, and four representatives of title insurance companies. Testimony in opposition was submitted by the Native Hawaiian Legal Corporation and a representative of a native Hawaiian organization.

Your Committee finds that the intent of this law is to provide a clear mechanism that allows property owners to clear their titles of frivolous "clouds" which may deter valid transactions. Your Committee further finds that consumers and financial institutions have been burdened with these types of liens which have been placed upon their property. Thus, your Committee agrees that the property owners or financial institutions should be able to apply the provisions of this measure retroactively to any nonconsensual common law lien executed or recorded prior to the effective date of this Act.

Upon consideration your Committee has amended the bill to:

- (1) Retain current statutory provisions regarding judicial proceedings under Chapter 507D;
- (2) Retain the requirement that a court find a filing frivolous prior to awarding damages and costs;
- (3) Retain the discretion of the court to issue appropriate injunctive relief; and
- (4) Provide the act shall take effect upon approval.

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 S.B. No. 986, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 986, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Metcalf, Sakamoto).

SCRep. 704 Judiciary on S.B. No. 1546

The purpose of this bill is to specify the penalties for fraudulent use of electronic benefits transfer cards or similar debit-card-type devices to obtain food stamps benefits, and to amend the definition of credit card to include debit cards and electronic benefits transfer cards.

Testimony in support of the bill was received from the Department of Human Services.

Your Committee finds that the Department of Human Services is converting its paper-based issuances to an electronic issuance system, which will allow beneficiaries to access their benefits electronically. Your Committee further finds that the laws defining fraudulent use of such issuances must be amended to include these electronic types of access.

Upon further consideration, your Committee has amended the bill to retain the classification of misdemeanor for lesser offenses of welfare fraud.

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 S.B. No. 1546, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1546, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Metcalf, Sakamoto).

SCRep. 705 Judiciary on S.B. No. 168

The purpose of this bill is to ban the sale of antiquities removed from archaeological sites and establish civil fines and criminal sanctions for violation.

Testimony in support of this bill was received from the Board of Land and Natural Resources and Office of Hawaiian Affairs.

Your Committee finds that significant native Hawaiian archaeological sites have been looted and artifacts have been lost because they can be sold to collectors without threat of civil or criminal sanctions. Your Committee further finds that the regulation of the sale of such items is critical to maintaining the authenticity of the native Hawaiian culture and the genealogical connections of our indigenous people with their families.

Upon further consideration, your Committee has amended the bill to incorporate suggested changes proposed by the Board of Land and Natural Resources and the Office of Hawaiian Affairs which we agree would clarify and facilitate the application of the law. These amendments include:

- (1) Predicating lawful control of antiquities upon "right of possession", as used in the Native American Grave Protection and Repatriation Act;
- (2) Requiring a knowing violation as a predicate to criminal sanctions; and
- (3) Clarifying the definition of "antiquity" and defining "right of possession".

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 S.B. No. 168, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 168, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Metcalf, Sakamoto).

SCRep. 706 Judiciary on S.B. No. 152

The purpose of this bill is to: require badges and uniforms for time sharing sales personnel; provide for civil cause of action for violations; clarify that the filing of a plan is a registration; and provide that violation of prohibited acts constitute grounds for civil penalties and administrative action.

Testimony in support of the bill was received by the Department of Commerce and Consumer Affairs and four time share or activity businesses. Testimony proposing amendments was submitted by a private citizen.

Your Committee finds that there are increasing numbers of complaints regarding the time share industry misrepresenting their interests in the presentation of information to visitors and residents alike. Your Committee further finds that with the expansion of the industry, more strict regulations are necessary to address the complaints and questionable business practices.

Upon further consideration, your Committee has amended the bill to delete language authorizing the Department of Commerce and Consumer Affairs to approve other than black and white signs.

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 S.B. No. 152, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 152, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Metcalf, Sakamoto).

SCRep. 707 Judiciary on S.B. No. 1750

The purpose of this bill is to propose an amendment to Article V, Section 6, of the Constitution of the State of Hawaii to allow for the placement of executive branch boards and commissions within the Office of the Governor for administrative purposes.

Testimony in support of this measure was submitted by a representative from the Advisory Committee of the Executive Office on Aging.

Your Committee finds that placing boards and commissions within the Office of the Governor provides flexibility and autonomy as well as promotes the development and efficient implementation of projects.

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 S.B. No. 1750 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 708 Judiciary on S.B. No. 1860

The purpose of this bill is to limit board and commission members to 2 terms or 8 years; prohibit the term from exceeding an agency's statutorily imposed sunset date; and require members to be reappointed to a new term if the sunset date is extended.

Testimony in support of this measure was submitted by Common Cause Hawaii. Testimony in opposition was submitted by Hawaii's Thousand Friends.

Your Committee finds that under current law, board and commission members are limited to terms totalling eight consecutive years. Your Committee further finds that this limitation can be avoided by permitting one or two days to pass after eight years prior to reappointment. Your Committee agrees that this practice violates the spirit of the law and thus, this bill makes this practice unlawful.

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 S.B. No. 1860 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 709 Judiciary on S.B. No. 1357

The purpose of this bill is to require any permitted interaction or communication between board members that occurs outside a meeting to be disclosed in the minutes of the board meeting.

Testimony in support of this measure was submitted by the League of Women Voters and Common Cause Hawaii.

Your Committee finds that under current law, members of boards or commissions may informally interact to exchange relevant information so long as no commitments to vote are sought or given. Your Committee further finds that this bill would require the formal recordation of such communication in the minutes of the next board or commission meeting. Your Committee agrees that the public's interest in open meetings and full disclosure will be forwarded by such a requirement.

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 S.B. No. 1357 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Metcalf, Sakamoto).

SCRep. 710 Judiciary on S.B. No. 1601

The purpose of this bill is to clarify, increase, and expand criminal penalties and procedures with regard to certain violations under the jurisdiction of the Department of Land and Natural Resources.

Testimony in support of this bill was received from the Department of Land and Natural Resources.

Your Committee finds that clear and meaningful criminal sanctions and procedures may substantially contribute to the protection of Hawaii's precious aquatic environment and endangered species. Accordingly, we support the intent of this measure which will make it a petty misdemeanor to knowingly make a false statement in any document required by the aquatic resources subtitle; increase from a misdemeanor to class C felony the penalty under the endangered species and poison or explosives fishing sections; and clarify procedures regarding the seizure and replacement of wrongfully obtained resources or specimens.

In order to ensure conformity with penal penalties and procedures and avoid the application of disproportionate penalties, your Committee has amended the bill to:

- (1) Remove provisions in sections 188-70, 187-13, and 189-4 prohibiting suspension or waiver of fines;
- (2) Require that violations resulting in possible petty misdemeanors be reckless;
- (3) Require that violations resulting in possible class C felonies be knowing; and
- (4) Provide that enumerated fines are discretionary rather than mandatory.

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 S.B. No. 1601, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1601, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Metcalf, Sakamoto).

SCRep. 711 Judiciary on S.B. No. 1057

The purpose of this bill is to prohibit contracts of employment where a current or prospective employee must relinquish any rights under federal or state law against unlawful employment practices, and to make it an unlawful discriminatory practice for an employer to require agreement to mandatory arbitration of grievances involving statutorily protected rights.

Testimony in support of the bill was received from the Civil Rights Commission, Commission on the Status of Women, Hawaii Nurses Association, and the Sex Abuse Treatment Center. Testimony in opposition was received from the Chamber of Commerce of Hawaii and Otaka Inc.

Your Committee agrees that statutory rights should not be sacrificed as a condition of employment and that any attempt to do so should be void as public policy. However, the State has endorsed arbitration as an appropriate means of alternative dispute resolution and the Hawaii Supreme Court has upheld its application to the civil rights arena. Your Committee further acknowledges that banning and striking arbitration clauses may run afoul of federal preemption principles and the constitutional bar against impairment of contract.

In light of these policy and legal conflicts, and because no evidence of actual discriminatory effect was presented in testimony, your Committee has amended the bill by:

- (1) Deleting the provision which would establish mandatory arbitration provisions regarding statutory rights as an unlawful discriminatory practice; and
- (2) Limiting the prohibition against the relinquishment of any right as an condition of employment to "substantive" rights, by adding the word "substantive" to the definition applicable to statutorily protected rights.

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 S.B. No. 1057, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1057, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Metcalf, Sakamoto).

SCRep. 712 Judiciary on S.B. No. 1549

The purpose of this bill is to facilitate the process by which the Department of Human Services places a lien against the real property of medical assistance recipients confined in nursing and other facilities when they cannot reasonably be expected to be discharged and return home.

Testimony in support of the bill was received from the Department of Human Services and Healthcare Association of Hawaii.

Your Committee finds that this bill establishes a rebuttable presumption that a Medicaid recipient is permanently institutionalized as long as the recipient or a representative declares that there is no intent to return home. Your Committee further finds that the rebuttable presumption created by this bill is reasonable and may prove useful in avoiding unnecessary administrative proceedings.

Upon further consideration, your Committee has amended the bill to clarify that the representative be a "legally authorized" representative.

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 S.B. No. 1549, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1549, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Metcalf, Sakamoto).

SCRep. 713 Judiciary on S.B. No. 1289

The purpose of this bill is to lower the applicable mental state for first degree robbery, to add substantial bodily injury to the types of injury which can form an element of first degree robbery, and to make "bodily injury" rather than "serious bodily injury" the level of injury necessary for second degree robbery.

Your Committee received testimony in favor of this measure from the Department of the Attorney General on behalf of the Prosecutors and Police Chiefs of the City and County of Honolulu and the counties of Hawaii, Kauai, and Maui. The Department of the Prosecuting Attorney of the City and County of Honolulu submitted separate testimony in support of this measure. The Office of the Public Defender submitted comments opposing the substance of this measure.

Your Committee finds that under current law, it is extremely difficult to be convicted of first degree robbery if the perpetrator causes serious bodily injury to another during the course of committing a theft. Your Committee further finds that prosecutors must prove beyond a reasonable doubt that the defendant intended to inflict serious bodily injury. Yet, your Committee agrees it is nearly impossible to prove the defendant knew exactly what category of injury his beating would inflict.

Your Committee further believes that the defendant's intent to cause the exact level of injury to the victim is immaterial when during the course of a theft, the defendant causes serious bodily injury in reckless disregard of the risk of causing such injury to the victim. Thus, your Committee concurs with supporters of this measure that in such a situation, the defendant is culpable of a class A felony.

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

- 1) Modifying the mental state required for first degree robbery to require intention as to the act of causing injury and recklessness as to the level of injury caused; and
- 2) Making technical nonsubstantive changes for the purpose of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1289, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1289, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 714 Judiciary on S.B. No. 989

The purpose of this bill, as received by your Committee, is to establish that unauthorized persons who use school grounds, facilities, or equipment for recreational purposes assume the risk of liability for injuries sustained, retaining only a cause of action for gross negligence or wilful and wanton misconduct on the part of the person who constructed the grounds, facilities, or equipment. This bill further extends immunity from civil liability to school volunteers who construct or improve public school playgrounds and equipment without compensation, unless the volunteer was grossly negligent, wilful, or acted wantonly.

Your Committee finds that concerns regarding liability have led many school officials to close their grounds and facilities to unauthorized recreational activities. Your Committee further finds that having unauthorized users assume the risk of injury will increase the availability of space for recreational programs in many communities while relieving schools of potential liability for injuries resulting from activities which they have not sanctioned.

Testimony in support of the bill was received from the Department of Education and testimony in opposition was received from the Consumer Lawyers of Hawaii.

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

- (1) deleting the provisions relating to civil immunity for school volunteers as similar provisions are provided in S.B. No. 1098, S.D.1, which has been reported by this Committee; and
- (2) making technical nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 989, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 989, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 715 Judiciary on S.B. No. 1766

The purpose of this bill, as received, is to limit the liability of government agencies and private property owners when government agencies divert traffic onto private property during emergency situations.

Your Committee finds that there is, at times, a need to direct vehicles and pedestrians onto and through private real property due to a traffic accident on a public road or during an emergency situation such as a civil defense evacuation. Your Committee further finds that in such circumstances it is appropriate for the county agencies to have the express authority to divert traffic and thus provide the private landowner with immunity from claims of negligence.

Testimony in support of this bill was received from the Kauai County Police Department and the Department of Health.

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

- (1) deleting the provisions which would have extended immunity to government agencies in such circumstances, because immunity should not be provided if negligence results in injury or death due to the government's decision to reroute traffic onto private property; and
- (2) requiring that diversions of traffic onto private property be authorized by county ordinance.

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 S.B. No. 1766, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1766, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 716 Judiciary on S.B. No. 1466

The purpose of this bill is to propose a constitutional amendment to repeal the excess revenue tax refund.

Article VII, section 6, of the state constitution provides for the disposition of excess revenues. Excess revenues are deemed to exist when the state general fund balance at the end of each two successive fiscal years exceeds five per cent of the general fund

revenues for each of the two fiscal years. The excess revenues are distributed through a tax credit or refund as determined by the legislature during the next regular session.

Your Committee finds that when the conditions exist that require a distribution to taxpayers, the amount of the distribution to each taxpayer is minimal. Your Committee believes that these excess funds can be more effectively used to benefit the people of Hawaii by either remaining in the general fund without specific directives for disbursal, or by being deposited in a budget stabilization ("rainy day") fund, the establishment of which your Committee has approved under a separate measure.

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 S.B. No. 1466, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 717 Judiciary on S.B. No. 1098

The purpose of this bill is to grant immunity from civil liability to individual volunteers of nonprofit organizations, nonprofit corporations, hospitals, or government entities for their negligent acts or omissions; provided that the volunteers were acting in good faith and within the scope of their duties, and that the volunteer entity maintains a minimum level of liability insurance.

Your Committee finds that the intent of this bill is to encourage volunteerism in the community by providing immunity from civil suits to volunteers who act in good faith and within the scope of their authority. Your Committee further finds that facilitating volunteerism through a grant of civil immunity is appropriate as long as the sponsoring entity remains responsible and this bill adequately ensures such responsibility.

Testimony in support of this bill was submitted by the Judiciary, State Volunteer Services, Department of Education, and eight organizations that rely upon volunteers. The testimony confirmed that fear of liability is a significant disincentive to volunteers. The Consumer Lawyers of Hawaii expressed concerns regarding the necessity for the measure and the availability of avenues of recovery for victims.

Your Committee has amended the bill by clarifying the definition of "government entity" to include entities authorized or established by any county or the State, to cover volunteer members of school/community-based management councils and student-centered school boards acting on behalf of Department of Education schools.

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 S.B. No. 1098, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1098, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 718 Judiciary on S.B. No. 1240

The purpose of this bill, as received, is to prohibit campaign spending commissioners and staff from making financial contributions through an employer or business entity. The bill also repeals provisions allowing campaign spending commissioners to request advisory opinions from the state ethics commission and makes violation of commissioner and staff contribution restrictions subject to the campaign spending law's criminal sanctions.

Testimony in support of the bill was received from the Hawaii State AFL-CIO. The State Ethics Commission testified in support of the provision regarding advisory opinions. The Campaign Spending Commission testified in opposition to the bill.

Your Committee finds that current law prohibits commissioners or commission staff from making financial contributions to candidates or noncandidate committees. Your Committee further finds that the intent of this restriction includes prohibiting the making of indirect contributions through employers or business entities.

Upon further consideration, your Committee believes that commissioners and commission staff should not be held responsible for decisions made by an employer or business entity over which they have no control, therefore, your Committee has amended the bill to simply prohibit the directing of any financial contribution by a commission member or employee, which mirrors prohibitions in federal law. Your Committee has also deleted the criminal sanctions in this bill, as existing law already provides such sanctions for violations of subpart XII.

Your Committee has also amended the bill by deleting the repeal of the provision authorizing the seeking of advisory opinions from the state ethics commission, which is statutorily directed to issue advisory opinions at the request of any present or former state employee.

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 S.B. No. 1240, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1240, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 719 Judiciary on S.B. No. 1125

The purpose of this bill, as received by your Committee, is to immunize employers from civil liability for the good faith disclosure of a former employee's job performance to a prospective employer by establishing a statutory presumption that the employer acted in

good faith. The presumption of good faith is rebutted by clear and convincing evidence that information disclosed was knowingly false, deliberately misleading, or made with malicious purpose.

Testimony in support of the measure was received from the Office of Information Practices, Department of Human Resources Development, City and County of Honolulu, the Hawaii Department of Civil Service and fifteen separate business associations. They noted that full and candid disclosure of a prospective employee's previous job performance is an important part of business operations and ensuring that sensitive services, e.g. nursing, airline pilots, financial services, to the public are not inhibited or threatened. Supportive testimony also asserted that the fear of lawsuits have substantially chilled or eliminated meaningful disclosure by former employers.

Testimony expressing concerns was received from the Hawaii Civil Rights Commission, United Public Workers Local 646, the National Employment Lawyers Association, the Consumer Lawyers of Hawaii, and two private attorneys. The principle concern expressed was that the proposed immunity would supercede existing labor or civil rights statutes, collective bargaining agreements, arbitration awards, court orders, contracts and other legal agreements governing disclosure with respect to particular employees or circumstances. Another expressed concern was that the "clear and convincing" standard required by the bill to rebut the presumption of good faith would deter legitimate discrimination and retaliation suits thereby effectively further punishing employees who may have been the victims of discrimination.

Your Committee is in agreement with the measure's intent to reasonably facilitate the free flow of relevant information from a former employer to prospective employer, and that the public has a vital interest in the exchange of this information. However, your Committee does not find that this interest should supercede the rights of employees. Accordingly, we have amended the bill to provide that:

- (1) The presumption of good faith must be rebutted by a preponderance of evidence. This is the standard applicable to most civil actions. It is the standard that the plaintiff must meet to win an action. It seems inconsistent and unfair to impose a higher standard as a threshold for bringing an action; and
- (2) Nothing in this section shall affect rights or obligations under civil rights statutes and other statutes regarding employment discrimination, contracts, collective bargaining agreements, court orders or arbitration awards. Your Committee does not find that the interests, obligations and protections extended to employers in law or by contract should be superseded by the interests represented in 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 S.B. No. 1125, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1125, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 720 Judiciary on S.B. No. 647

The purpose of this bill is to validate written waivers of liability for the inherent risks associated with commercial recreational activities if the owner or operator of the activity provides full disclosure of the inherent risks, and takes reasonable steps to ensure that each customer is physically able to participate in the activity.

Your Committee finds that the inherent risks of commercial recreational activities, e.g. scuba or skin diving, sky diving, bicycle tours, and mountain climbing, should be assumed by the customer who knowingly assumes such risks, as long as the customer is fully informed of the risks and the activity owners retain liability for their negligent and other harmful acts.

Testimony in support of this measure was received from seven recreational activity owners or supporters, who testified that liability insurance and negligence suits reflect possible exposure to claims for injury arising out of the risk inherent in certain recreational activities, even if the patron knowingly signed a waiver of liability for such risks.

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

- (1) Clarify that waivers of minors must be signed by their parents or legal guardians; and
- (2) Provide that the provisions of this bill are not intended to affect the application of Chapter 663B, Hawaii Revised Statutes, related to waivers for equine activity.

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 S.B. No. 647, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 647, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 721 Judiciary on S.B. No. 824

The purpose of this bill is to require the director of human services to develop and monitor compliance, by department employees, contractors, and subcontractors, with procedures for screening and identifying individuals receiving assistance who have a history of, or are at risk of, domestic violence.

The bill also requires the department of human services to: provide universal notification to all aid applicants and recipients; refer victims or potential victims to appropriate services; waive any aid program requirements or penalty provisions that will make it more

difficult for the victims or potential victims to escape domestic violence or will penalize them for being victims or potential victims of domestic violence; and ensure confidentiality with respect to these victims or potential victims.

Your Committee finds that domestic violence has reached epidemic proportions that threaten the very fabric of our society. The immediate effects of domestic violence on an individual victim are tragic enough; in addition, however, domestic violence can have devastating and far reaching effects on the immediate victim and any dependent family members, thus potentially jeopardizing the productivity and socialization of several generations of family members.

Your Committee further finds that the recent changes in the welfare laws and aid to families may have a particularly harsh impact on battered and abused victims and their dependent family members. The United States Congress has also recognized this potentiality in enacting the Wellstone/Murray Amendment to section 103 of the Welfare Reform Act (Public Law 104-193), providing block grants to states for the Temporary Assistance to Needy Families (TANF) program. This amendment allows states to include a certification about victims of domestic violence in their state plans for TANF block grants and to waive certain requirements for domestic violence victims.

Your Committee notes that this bill, as received, was based upon model language, drafted by the NOW Legal Defense and Education Fund, for state statutes adopting this family violence option. While your Committee strongly believes that the Wellstone/Murray Amendment should be an integral part of the State's temporary assistance to needy families, your Committee believes that the provisions are best written in a more concise fashion and in a manner that is more state specific than the model language allows.

Accordingly, your Committee has amended this bill by:

- (1) Deleting the many redundant provisions in the bill and combining all of the major substantive provisions into one new section within chapter 346, Hawaii Revised Statutes, instead of creating a whole new chapter to the Hawaii Revised Statutes; and
- (2) Changing the reference to "domestic violence" to "family or domestic violence" and defining this term consistent with section 586-1, Hawaii Revised Statutes, to clarify that the scope concerns those victims or potential victims of violence or abuse whose relationship with the perpetrator is that of a family or household member.

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 S.B. No. 824, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 824, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 722 Judiciary on S.B. No. 941

The purpose of this bill is to propose a constitutional amendment to create a budget stabilization fund.

The proposed constitutional amendment would require the Legislature to appropriate for deposit into the budget stabilization fund an as yet unspecified percentage of the general fund balance in excess of five per cent of general fund revenues at the close of a fiscal year, and require a three-fourths vote of the members of each house of the Legislature to authorize expenditures from the fund.

Your Committee finds that the establishment of a state "rainy day" fund merits serious consideration at the present time, especially given the State's current fiscal problems and static short-term economic projections. Ensuring the availability of a temporary supplemental source of funding during times of emergency, economic downturn, or unforeseen reductions in revenues, would be of great benefit to all of the citizens of this State. This bill will enable the State to build a financial reserve to be used when there is an emergency or economic downturn, or when there is an unforeseen reduction in revenues.

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 S.B. No. 941, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 723 Judiciary on S.B. No. 243

The purpose of this bill, as received by your Committee, is to repeal the general registration exemption for expert witnesses appearing at the request of lobbyists.

Your Committee finds that under current law, expert witnesses appearing at the request of lobbyists are exempt from lobbyist registration requirements. In the interest of ensuring maximum access to information that can be provided by experts, your Committee agrees that this exception should remain intact. However, your Committee further finds that the Ethics Commission has pointed out that there exists some confusion as to whether expenditures made in association with the appearance of experts must be disclosed. This is particularly the case when corporate employees and other technical experts are brought in at the request of the Legislature to offer their advice on matters within their area of expertise. Accordingly, your Committee has amended this bill to expressly require the disclosure of expenditures made to these experts for their appearances, by including compensation and other consideration paid to lobbyists' experts within the definition of "expenditure" under Chapter 97, Hawaii Revised Statutes.

Testimony in support of this bill was received from the Ethics Commission, Common Cause Hawaii, the League of Women Voters, and the Democratic Party of Hawaii.

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 S.B. No. 243, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 243, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 724 Judiciary on S.B. No. 1033

The purpose of this bill is to expand the scope of the service of process of garnishment to apply to every place of business of the garnishee throughout the State.

Your Committee finds that present law allows a garnishee to only withhold funds in the circuit or district where service of process of garnishment is actually served. Your Committee further finds that because of the extensive use by financial institutions of electronic technology, the law should be updated to allow a garnishee to receive service of process in a central location and then transmit the relevant information to other garnishee locations throughout the State.

Testimony in support of this measure was submitted by a private attorney and an attorney member representing the Collection Law Section of the Hawaii State Bar Association.

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 S.B. No. 1033 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (McCartney, Metcalf, Anderson).

SCRep. 725 Judiciary on S.B. No. 285

The purpose of this bill is to change the deadline for filing an application for a writ of certiorari from ten days to a period to be determined by the Supreme Court.

Your Committee finds that the current ten day statutory restriction presents difficulties for pro se appellants or solo practitioners who may not have adequate time or resources to prepare the application within the short timeframe. Your Committee further finds that this extension of time may also reduce frivolous filings made by some legal counsel simply to meet the ten day deadline.

Testimony in support of this measure was submitted by the Judiciary, the Office of the Public Defender, and the Hawaii State Bar Association.

Upon further consideration, your Committee believes that there should be some deadline placed upon the appellants, and, therefore, your Committee has amended this measure to extend the filing deadline from ten to thirty days.

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 S.B. No. 285 as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 285, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 726 Judiciary on S.B. No. 1310

The purpose of the bill is to change the name of the "Criminal Injuries Compensation Commission" to the "Crime Victim Compensation Commission" and to make a corresponding name change to the Criminal Injuries Compensation Fund.

Your Committee finds that the purpose of the Criminal Injuries Compensation Commission is to aid victims of crime by providing them compensation for their victimization. Your Committee further finds that this change will more clearly reflect the purpose of the Commission to the public.

Testimony in support of this measure was received from the Criminal Injuries Compensation Commission.

Your Committee has made technical, nonsubstantive amendments to the bill for the 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 S.B. No. 1310, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1310, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 727 Judiciary on S.B. No. 1064

The purpose of this bill is to improve accessibility to ballots by newly formed political parties.

Specifically, this bill:

- (1) Subjects a political party to disqualification for failure to submit to the Chief Election Officer and the respective county clerks not later than 4:30 p.m. on the ninetieth day prior to the next primary election, a list of names and addresses of officers of the central committee and of the respective county committees;
- (2) Requires a petition for qualification as a political party to contain the name, social security number, residence address, date of birth, and other information as determined by the Chief Election Officer, of currently registered voters, in addition to the registered voters' signatures; and
- (3) Allows a group of persons to be deemed a political party for up to ten years if, for three consecutive general elections:
 - (A) The group of persons qualifies as a political party by petition; or
 - (A) The party has candidates running in a general election for any statewide office, congressional office, state senatorial office, or state representative office, whose terms had expired; and
 - (C) The party receives at least ten per cent of all votes cast: for any of the offices voted upon by all the voters in the State; in at least fifty per cent of the congressional districts; in at least the six senatorial districts with the lowest votes cast for the office of state senator; or in at least fifty per cent of the representative districts for the office of state representative.

Your Committee received testimony in support of this bill from the Chief Election Officer and the Oahu co-chair of the Hawaii Green Party. Informational testimony was received from the Director of the Office of Information Practices.

Your Committee finds that this bill will make it easier for a newly formed political party to remain on the ballot following initial qualification by petition since the party will be allowed to remain on the ballot for ten years if it receives the required number of votes in an election or successfully petitions the Chief Election Officer for three consecutive general elections. In addition, this bill will eliminate the need for the Chief Election Officer to monitor additional petition processes each time the newly formed political party fails to receive the required number of votes in an election.

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

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1064, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1064, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 728 Judiciary on S.B. No. 1065

The purpose of this bill is to streamline the language concerning election offenses and penalties by repealing unnecessary and redundant provisions.

Your Committee received testimony in favor of the measure from the Chief Election Officer.

Your Committee finds that the sections being repealed in this bill regarding penalties for misdemeanor offenses and other prosecutions are unnecessary because the penal code already establishes penalties for misdemeanor offenses and there is no bar against prosecution under a different statutory provision.

Your Committee has amended this bill by:

- (1) Clarifying the new language in section 11-95(b), Hawaii Revised Statutes, by adding a statement that the fine for refusing to allow an employee two hours to vote is a civil rather than criminal fine; and
- (2) Adding a savings clause (and renumbering the remaining sections) to minimize any impact on ongoing or contemplated actions.

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 S.B. No. 1065, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1065, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 729 Judiciary on S.B. No. 1066

The purpose of this bill is to allow the chief election officer to appoint without regard to party affiliation a replacement precinct official for one who cannot or will not serve.

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

Your Committee finds that each year, it becomes more and more difficult to recruit precinct officials. The political parties are sometimes unable to provide adequate staffing in a timely manner. Vacancies can also occur as an election draws near and there are time constraints that pose additional impediments to finding replacement precinct officials. Your Committee finds that it is in the best interests of the State to have all of its polling places adequately staffed.

Your Committee has made only technical, nonsubstantive amendments to 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 S.B. No. 1066, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1066, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 730 Judiciary on S.B. No. 1069

The purpose of this bill is to amend Chapter 12, Hawaii Revised Statutes, to clarify nomination paper requirements and signatory eligibility requirements.

Testimony in support of the bill was submitted by the Chief Election Officer.

Significant provisions of this bill include:

1. Requiring that a candidate be a resident and registered voter in the district at the time of the filing of the nomination papers;
2. Requiring that all nominating voters be eligible to vote for the candidate;
3. Requiring sworn certification by self-subscribing oath for candidate affirmations and representations;
4. Providing that nominating signatures will not be counted unless the voter appears on the voter register; and
5. Permitting party officials to object to nomination papers.

Your Committee finds that each of the abovementioned provisions addresses administrative, enforcement, or verification problems that have arisen with regard to the nomination process. Your Committee further finds that the inclusion of these provisions will contribute to the efficiency and validity of this process.

Your Committee has amended the bill by deleting the following provisions which may unduly burden ballot access, including:

- (1) Requiring written verification of party membership and party authority;
- (2) Holding the candidate responsible for the truth of such representations; and
- (3) Permitting political parties to file complaints directly in circuit court.

Your Committee has also made technical, nonsubstantive amendments for the 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 S.B. No. 1069, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1069, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 731 Judiciary on S.B. No. 1070

The purpose of this bill is to clarify the process of certifying the results of elections by codifying the existing procedures in the Hawaii Revised Statutes.

Specifically, this bill specifies how various election ballot-related audits are to be compared and reconciled and statutorily requires attachment to the certificate of election a list of all precincts in which an overage or underage of the number of ballots, as compared to poll book records, occurs.

Your Committee received testimony in support of the measure from the Office of Elections.

Your Committee finds that the statutory codification of the specific requirements for the certification of election results will answer questions and alleviate concerns about this critical process.

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 S.B. No. 1070 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 732 Judiciary on S.B. No. 1071

The purpose of this bill, as received by your Committee, is to authorize county clerks to determine when absentee polling places shall open provided it is no later than ten days before election day.

Testimony in support of this bill was received from the Chief Election Officer and the Association of Clerks and Elections Officials of Hawaii (ACEOH).

Your Committee finds that under current law, absentee polling places are required to open eighteen days prior to an election. Your Committee further finds that this requirement has imposed additional administrative and fiscal burdens upon the various election officials, particularly on the neighbor islands where multiple, remote sites must be established and maintained.

Upon further consideration, your Committee has amended the bill to provide that absentee polling sites must open no later than ten working days prior to each election, or as soon thereafter as ballots are available, but that they all be open on the same date as determined by the Chief Election Officer.

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 S.B. No. 1071, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1071, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 733 Judiciary on S.B. No. 1074

The purpose of this bill is to allow for residence address confidentiality of voter records in special cases.

Your Committee finds that under current law, law enforcement officers or their families may petition the county clerks to keep their voter registration records confidential in life threatening circumstances. Your Committee further finds that under certain situations, it may be appropriate to extend such protection to persons who may have justifiable concerns about the possible release of this information to persons who may pose a risk to their safety or that of their family.

Your Committee has been made aware of the necessity for such confidentiality due to the recent federal district court ruling in Donrey Media Group v. Ikeda. In that case, the court found unconstitutional section 11-14.6, Hawaii Revised Statutes, the statute which limited access to voter records to election and governmental purposes. Thus, there currently exists no effective restrictions on access to voter registration records.

Testimony in support of this measure was received from the Chief Election Officer and the Office of Information Practices.

Upon further consideration, your Committee has amended the bill to permit any voter to apply to the Chief Election Officer or county clerk to keep voter registration records confidential if disclosure would result in an unwarranted invasion of privacy or expose the person or a member of the person's family to risk of bodily harm.

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 S.B. No. 1074, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1074, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 734 Judiciary on H.B. No. 455

The purpose of this bill is to amend various provisions of the Hawaii Revised Statutes and the Session Laws of Hawaii pursuant to chapter 23G, Hawaii Revised Statutes, to correct errors, update references, clarify language, and delete obsolete or unnecessary provisions.

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

Your Committee finds that all of the statutory amendments proposed by the measure are of a purely technical nature and either contain no substantive changes to the law, or, if they have any substantive effect, are done simply to correct the types of errors noted in this report.

Your Committee finds the reasons for the respective technical amendments made in the bill are as follows:

Section 1. Section 11-193(a)(13), HRS, makes reference to section 103D-209(b), a subsection that was deleted in its entirety by L 1995, c 178, §6. The deleted subsection, in pertinent part, was reenacted as a new section in the same act and codified as section 28-8.3, HRS.

Section 11-193(a)(13), HRS, should be amended to conform to the amendments made by L 1995, c 178, by substituting the reference to section 28-8.3 for section 103D-209(b).

Section 2. Section 76-5, HRS, was amended by L 1996, c 262, §8, in pertinent part, to add the Hawaii health systems corporation as an entity with which the director of human resources development could enter into agreements to furnish services and facilities of the state department. However, the title to section 76-5, HRS, "Service to judiciary and counties by the State" does not reflect the addition of the Hawaii health systems corporation to the section. To avoid having to amend the section title whenever the section is amended to add other non-executive agencies, the section title should be amended to provide a more general description of the section's contents. Therefore, the title is amended to "Furnishing of services and facilities".

Section 3. Section 155-14(a), HRS, was amended by L 1996, c 253, §3, in pertinent part, to change "agriculture" loan revolving fund to "agricultural" loan revolving fund. References to "agriculture" loan revolving fund in subsections (b) and (c) of section 155-14 were changed to "agricultural" loan revolving fund by the revisor. Deleting the brackets around the word "agricultural" in "agricultural loan revolving fund" in section 155-14(b) and (c) ratifies the revisor's amendment of the fund name.

Sections 4 to 10. On July 23, 1996, the board of directors of the Hawaii Visitors Bureau approved changing the Bureau's name to "Hawaii Visitors and Convention Bureau". Sections 201-94(a), 201-95, 203-1, 203-2, 203-3, 203-4, and 203-5(b), HRS, are amended to reflect the name change.

Section 11. Section 431:10C-117(a), HRS, should be reenacted to ratify the provisions of paragraph (3)(B) as set forth in the 1996 HRS supplement. As amended by L 1996, c 20, §1, the amendment to paragraph (3)(B) contained an extraneous open bracket as follows:

(B) [they shall be required] require the driver or the registered owner to [maintain proof of financial responsibility pursuant to section 287-21(2), (3), or (4) and] keep a nonrefundable no-fault insurance policy in force for six months[;]. [provided that if]

The amendment is ambiguous, given the two open brackets before "maintain" and "287-21(2)" and only one closing bracket after "and". The revisor prepared paragraph (3)(B) to read as follows:

(B) Require the driver or the registered owner to keep a nonrefundable no-fault insurance policy in force for six months.

Reenacting section 431:10C-117(a), HRS, would ratify the revisor's preparation of paragraph (3)(B) and prevent any future confusion or ambiguity.

Section 12. Chapter 342N, HRS, was repealed by L 1996, c 82, §5. Section 6 of c 82, L 1996, made a conforming amendment to section 607-25(c), HRS, by removing the reference to repealed chapter 342N. However, in setting forth the amended section 607-25(c), the reference to chapter 183C, HRS, was inadvertently omitted.

Section 607-25(c) should be amended to restore the omitted reference to chapter 183C.

Section 13. L 1996, c 9, §2 amended section 412:9-400, HRS. However, the prefatory language in §2 cites "section 421:9-400" as the section being amended. The discrepancy is apparently the result of a typographical error. The prefatory language of L 1996, c 9, §2 should be amended to state that section 412:9-400 is being amended.

Section 14. L 1996, c 13, §22, referred to "this regular session of 1995" instead of "1996". The error was the result of a simple oversight. L 1996, c 13, §22, should be amended to refer to the regular session of "1996".

Section 15. L 1996, c 20, §2, amended section 287-20, HRS, "to read as follows:", but set forth only subsections (a) and (b), in effect deleting the section number and title.

L 1996, c 20, §2, should be amended to restate the prefatory language to specify that it is subsections (a) and (b) of section 287-20, HRS, that are being amended.

Section 16. L 1996, c 87, §2, amended chapter 708, HRS, by adding a new section. The prefatory language in §2 stated that "Section 708" was amended by adding a new section. The prefatory language in L 1996, c 87, §2 should be amended to state that it is "Chapter" 708 that is amended.

Section 17. L 1996, c 173, §8, should be amended by renumbering the references to sections "1" and "2" to sections "2" and "3". Senate Draft 2 of H.B. No. 3153 (Act 173) provided that section 1 would take effect on July 1, 1999 and section 2 would be repealed on June 30, 1999. Conference Draft 1 changed the order of the first three sections of Senate Draft 2. Thus, sections 1 and 2 of Senate Draft 2 became sections 2 and 3 of Conference Draft 1. However, Conference Draft 1 did not amend the effective date provisions to reflect the change in the order of the sections.

The proposed amendment will conform the effective date provisions of Act 173 to reflect the change in the order of the sections of Senate Draft 2 made by Conference Draft 1.

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. 455, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Metcalf, Sakamoto).

SCRep. 735 Judiciary on S.B. No. 653

The purpose of this bill, as received by your Committee, is to allow health care facilities as defined in section 323D-2 to consider criminal convictions in determining whether an employee or prospective employee is suited to working in close proximity to patients in a health care facility.

Testimony in support of this measure was submitted by the Healthcare Association of Hawaii. Testimony with reservations and opposition was submitted by the Hawaii Civil Rights Commission and the Hawaii Nurses' Association, respectively.

Your Committee finds that many frail elders are confined to health care facilities for extended periods of time in which they are particularly vulnerable to abuse by caregivers who may have prior criminal convictions unbeknownst to the health care facility. Your Committee agrees that in order to protect this particular population and any person who may be at-risk of abuse during confinement in a health care facility, the employer, in determining whether a prospective or current employee is suited to working in close proximity to patients should be able to check the criminal record of the prospective or current employee.

Upon further consideration of the testimony presented, your Committee has amended this measure by clarifying that a health care facility may consider the record of criminal conviction where the offense is a relevant factor in determining the bona fide occupational qualifications of an employee or prospective employee who has been offered a position working in close proximity to patients in a health care facility.

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 S.B. No. 653, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 653, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Metcalf).

SCRep. 736 Judiciary on S.B. No. 1262

The purpose of this bill is to eliminate durational limits on political signs.

Testimony in support of this measure was submitted by the State Attorney General. Testimony in opposition to this measure was submitted by Na Leo Pohai, The Public Policy Affiliate of the Outdoor Circle.

Your Committee finds that under current law, persons are restricted to the posting of political signs 45 days prior to an election and ten days afterward. Your Committee further finds that no similar limitations exist for either commercial or other types of noncommercial signs.

Upon further consideration, your Committee agrees with the opinion of the Attorney General that the durational limits on political signs is unconstitutional. Your Committee also believes that as this measure moves forward, the various counties may wish to consider enacting local regulations regarding the size and placement of political signs.

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 S.B. No. 1262 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 737 Judiciary on S.B. No. 1588

The purpose of this bill is to streamline the process for committing and releasing mentally incompetent defendants.

Specifically, this bill allows mental health examinations by one, rather than three, examiners in nonfelony cases and allows either a psychiatrist or a psychologist to be appointed as an examiner. Examinations can be conducted on an outpatient basis. The bill also requires three examiners, including at least one psychiatrist and one psychologist, in felony cases. Furthermore, the bill limits the time that a defendant, if not then confined, may be committed by the court for examination to not more than thirty days unless the court determines it necessary upon written findings.

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 S.B. No. 1588, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 738 Judiciary on S.B. No. 1312

The purpose of this bill is to clarify the standards of the Department of Public Safety in making criminal history record checks on its staff members and prospective staff members.

Specifically, the bill changes the term "perjury" to "unsworn falsification to authorities" in connection with a statement concerning criminal convictions required of staff members or prospective staff members.

Your Committee finds that the term "perjury" is incorrect as under section 710-1060, Hawaii Revised Statutes, the offense of perjury involves a false statement made under oath in "any official proceeding". The department does not hold any official proceedings whereby the applicant is required to take an oath during the criminal history record check. Accordingly, your Committee finds that the term "unsworn falsification to authorities" is more appropriate and will conform to the current language in section 710-1063, Hawaii Revised Statutes, relating to unsworn falsification to authorities.

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 S.B. No. 1312 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Metcalf).

SCRep. 739 Judiciary on S.B. No. 1087

The purpose of this bill is to improve the efficiency and quality of the State's mental health system as it relates to the judiciary by creating a task force to review the laws and procedures for involuntary commitment and treatment decisions.

The purpose of the task force is to make recommendations for the improvement of the involuntary commitment and treatment laws in order to reduce the wait lists for proper mental health treatment in the jails and in the community, reduce the number of injuries to patients and staff at the Hawaii state hospital, and to make the system more efficient. The task force is required to consider certain issues and to develop legislative proposals to implement these goals.

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 S.B. No. 1087, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 740 Judiciary on S.B. No. 1263

The purpose of this measure is to clarify which state and county agencies and programs are exempt from paying fees for services related to criminal history record information.

Testimony in support of this measure was received from the Hawaii Criminal Justice Center of the Department of the Attorney General.

Your Committee finds that the original intent of establishing fees was to exempt the imposition of fees for services provided to criminal justice agencies, and to state and county agencies for employment purposes only. Your Committee further finds that nonprofit purchase-of-service providers under contract with the State may not be required to pay criminal history record check fees for certain employees, however the law is not clear as to whether they should be required to pay for persons who are volunteers.

Upon further consideration, your Committee finds that due to recent federal legislation the Hawaii Criminal Justice Center may be required to conduct nationwide record checks and provide services to federal agencies and, although authorized, the State cannot charge fees for this purpose. Therefore, your Committee has amended this measure by deleting the word "Hawaii" to allow fees to be assessed for authorized record checks of both Hawaii and out-of-state records.

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 S.B. No. 1263, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1263, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Bunda, Metcalf).

SCRep. 741 Judiciary on S.B. No. 718

The purpose of this measure is to allow judges to waive the requirement of a pre-sentence diagnosis and report.

Your Committee finds that under current law, a pre-sentence diagnosis and report must be prepared for all individuals convicted of a felony and all convicted defendants less than twenty-two years of age, unless the report is waived by both the defendant and prosecuting attorney. Your Committee further finds that the investigation process to prepare the diagnosis and report may take between two to five months to complete; yet in many cases the sentence is self-evident due to plea agreements or sentencing guidelines. Your Committee is also aware that limited prison space is being occupied by defendants unable to post bond who are being held pending the completion of their pre-sentence report. Thus, your Committee believes that by providing the court discretion in waiving the pre-sentence report this measure contributes to the expediting of sentencing, more efficient utilization of the staff resources of the judiciary, and the maximization of limited prison space.

Your Committee received testimony in support of this measure from the Judiciary.

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 S.B. No. 718 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 1 (Bunda).

SCRep. 742 Judiciary on S.B. No. 231

The purpose of this bill, as received by your Committee, is to increase penalties from \$100 to \$5,000 for cigarette sales to minors.

Your Committee received testimony in support of this measure from the Department of Health, the American Cancer Society, and the Hawaii Medical Association. Testimony in opposition was received from the Legislative Information Services of Hawaii, Inc. and the Tobacco Institute.

Your Committee finds that cigarette sales to minors is an ongoing public health problem that poses serious health risks to our young people. Your Committee further finds that minors smoke an estimated 516 million packs of cigarettes each year, or 9.9 million packs of cigarettes each week; with at least fifty percent of cigarettes obtained through illegal sales.

Thus, your Committee agrees that tough sanctions should be imposed upon those who sell and promote cigarettes to minors. Upon careful consideration, your Committee has amended this measure by increasing the fines to \$500 for the first offense and not less than \$500 nor more than \$2,000 for subsequent offenses.

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 S.B. No. 231, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 231, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 743 Judiciary on S.B. No. 81

The purpose of this bill is to prohibit the posting of outdoor advertising on utility or light posts and allow the counties to impose stricter controls or penalties for violations.

Your Committee finds that the posting of notices, advertisements, and the like on utility poles and light posts contribute to the visual blight of our streets and highways. Your Committee further finds that many of these notices remain on the posts long after the advertised event is over and the community objects to this visual litter. This bill addresses this problem by adding utility poles and light posts to the public places in which posting is prohibited and, requires for those in violation, to pay a fine and to perform community service work.

After careful consideration, your Committee has amended this bill by adding language that each individual card, banner, handbill, sign, poster, outdoor advertising device, or notice that is posted in violation of this section shall be a separate offense for penalty purposes.

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 S.B. No. 81, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 81, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Metcalf).

SCRep. 744 Judiciary on S.B. No. 1597

The purpose of this bill is to allow the Board of Land and Natural Resources to impose administrative fines and recover administrative fees and costs resulting from violations of the aquatic resources laws.

Your Committee received testimony in support of this bill from the Board of Land and Natural Resources and the Sierra Club, Hawai'i Chapter.

Specifically, this bill imposes the following administrative fines for violations of chapter 187A (aquatic resources), 188 (fishing rights and regulations), 189 (commercial fishing), 189G (commercial fishing), 190 (marine life conservation program), or 190D (ocean and submerged lands leasing), Hawaii Revised Statutes:

- (1) For a first violation, a fine of not more than \$5,000;
- (2) For a second violation within five years of a previous violation, a fine of not more than \$10,000; and
- (3) For a third or subsequent violation within five years of the last violation, a fine of not more than \$15,000.

In addition, this bill:

- (1) Allows a fine of up to \$5,000 to be levied for each specimen of aquatic life taken, killed, or injured in violation of chapter 187A, 188, 189, 189G, 190, or 190D, Hawaii Revised Statutes;
- (2) Allows the Board of Land and Natural Resources to bring legal action to recover administrative fines, fees, and costs, and payment for damages or for the cost of correcting damages, resulting from a violation of chapter 187A, 188, 189, 189G, 190, or 190D;

Your Committee finds that this bill will enable the Board of Land and Natural Resources to enforce the criminal and civil penalties authorized under chapters 187A, 188, 189, 189G, 190, and 190D, Hawaii Revised Statutes, by order. This bill will eliminate the need to conduct criminal and civil trials in order to enforce compliance with, or enjoin violations of, the aquatic resources laws. Reducing the amount of time needed to enforce chapters 187A, 188, 189, 189G, 190, and 190D will result in greater compliance with these laws through swift and certain justice. This bill will increase the effectiveness and efficiency of personnel charged with enforcing the aquatic resources laws at a time when funding for additional enforcement positions may not be forthcoming due to fiscal constraints.

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 S.B. No. 1597, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Metcalf, Sakamoto).

SCRep. 745 Judiciary on S.B. No. 1055

The purpose of this bill is to remove the term "illegitimate" from various statutes and thus, the stigma attached to it.

Your Committee received testimony in support of this measure from the Office of Hawaiian Affairs, the Commission on the Status of Women, and the Hawaii County Corporation Counsel.

Specifically, this bill replaces the term "illegitimate" with the term "born to parents not married to each other" in laws relating to workers' compensation, descent of property, the family court, names, children in general, and annulment, divorce, and separation. The bill also substitutes gender-neutral terms where appropriate.

Your Committee believes that this bill removes the stigma that is attached to the term "illegitimate child" and which denigrates the value of an individual so termed. The new term used in this bill creates a more positive relationship between the child and the child's parents.

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 S.B. No. 1055 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Metcalf, Sakamoto).

SCRep. 746 Judiciary on S.B. No. 957

The purpose of this bill is to adopt the Uniform Unincorporated Nonprofit Association Act.

Your Committee received testimony in support of this measure from the State Commission to Promote Uniform Legislation of the Department of the Attorney General. Testimony in opposition was received from the Business Registration Division of the Department of Commerce and Consumer Affairs.

This bill authorizes unincorporated nonprofit associations the right to hold and transfer both real and personal property. Additionally, it recognizes the association as an entity that is separate from its members. The distinction between the association and its members is articulated in tort and contract liability claims. This bill also allows the nonprofit association to appoint an agent authorized to receive service of process which can be filed in the Department of Commerce and Consumer Affairs.

There are many people in Hawaii who hesitate to participate in unincorporated associations because of the undefined liability issues. This measure helps to protect people who are involved with associations such as these because they will be protected from having liability attach against them solely by virtue of their involvement in the association. Encouraging people to participate in community organizations that are not incorporated will enrich the State. Volunteers who provide their services to community associations allow the State to offer programs that would otherwise not be available.

Your Committee finds that this uniform legislation, which has been enacted in Alabama, Colorado, Idaho, Texas, West Virginia, and Wyoming, will provide protection for those individuals who participate in unincorporated associations protection against lawsuits and allow the associations to hold and transfer property.

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 S.B. No. 957, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Metcalf, Sakamoto).

SCRep. 747 Judiciary on S.B. No. 209

The purpose of this bill is to amend the State Constitution so that the Tax Review Commission will be appointed every ten years, instead of every five years, beginning in the year 2005.

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

Your Committee finds that the present five-year appointments under Article VII, Section 3, of the State Constitution affords an inadequate period of time in which to perform a comprehensive review of the State's taxation system. Moreover, shorter periods of review tend to create inefficiency during times of budgetary constraints.

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 S.B. No. 209 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Metcalf, Sakamoto).

SCRep. 748 Judiciary on S.B. No. 211

The purpose of this bill is to provide that when an appeal is taken from a judgment or order in a quiet title action, the appellant shall file a bond or provide other security.

Your Committee received testimony in support of this measure from the Land Use Research Foundation of Hawaii and one individual. Testimony in opposition was received from the Native Hawaiian Legal Corporation.

Your Committee finds that the filing of an appeal to a quiet title action will cloud title to the property. As no bond or security is currently required to file an appeal, a losing party has no financial disincentive to filing a frivolous appeal that can negatively affect the winning party's ability to sell the land. This cloud on the title can last for years and can be nothing more than the product of a vengeful loser's grudge. Requiring the posting of a bond or other security will help avoid frivolous appeals and will resolve land title issues much sooner.

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 S.B. No. 211 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Metcalf, Sakamoto).

SCRep. 749 Judiciary on S.B. No. 1239

The purpose of this bill is to amend the law to specifically deny civil rights commission jurisdiction over complaints against labor organizations for alleged breach of duty of fair representation; and to exempt labor organizations from being regulated by the civil rights commission for fair representation.

Testimony in support of this measure was submitted by the Hawaii Civil Rights Commission, the Hawaii State AFL-CIO, and the Hawaii Government Employees Association.

Your Committee finds that collective bargaining works best when complaints against labor organizations for alleged breach of duty of fair representation are handled promptly by an agency which routinely handles collective bargaining issues. Your Committee concurs with the Civil Rights Commission that fair representation complaints are not properly within their jurisdiction.

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 S.B. No. 1239, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Metcalf, Sakamoto, Anderson).

SCRep. 750 Judiciary on S.B. No. 5

The purpose of this bill, as received by your Committee, is to validate the waiver of liability issued to motorsports participants.

Testimony in support of the bill was submitted by Campbell Estate, Hawaii Motorsports Center, a consortium of motorsports organizations, and three participants. Testimony in opposition to this bill was submitted by the Consumer Lawyers of Hawaii.

Your Committee finds that there is no public interest which justifies invalidating motorsport participant waivers of liability for negligence. However, your Committee finds that any presumption of knowledge on the part of the participant should be corroborated by evidence of a witnessed signature, and that the interests of the public requires that any facility seeking to take advantage of any statutory validity granted under such waivers take reasonable precautions to ensure safety and maintain sufficient insurance.

Accordingly, your Committee has amended this bill to:

- (1) Require that waivers also be signed by witnesses if they are to be exempted from claims that a participant did not read, understand, or comprehend the waiver;
- (2) Require that any motorsports facility wanting protection under this law, purchase insurance coverage of not less than \$5,000,000 for spectators and not less than \$1,000,000 for participants.

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 S.B. No. 5, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 5, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 751 Judiciary on S.B. No. 631

The purpose of this bill is to allow the counties to enact ordinances and adopt rules that provide for more stringent regulation of fireworks than those provided under state law.

Testimony in support of this measure was submitted by seven private citizens, the Waikiki Neighborhood Board, the Waikiki Residents Association, and the American Lung Association of Hawaii. Testimony in opposition was submitted by the Honolulu Police Department, Legislative Information Services of Hawaii Inc., and a private citizen.

Your Committee finds that the issue of regulation of fireworks has been debated at the state legislature and among the county councils for the past several years. Your Committee further finds that in enacting statewide laws, it was the legislature's intent to set a standard of regulation, while leaving some discretion to the counties to address the unique aspects of the use of fireworks in their counties. Your Committee is also very aware that our multi-ethnic community uses fireworks for various cultural purposes and celebrations, and thus, we must provide some recognition of this practice in our regulation of fireworks.

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

- (1) Changing the time for permissible fireworks on the Fourth of July to 10:00 a.m. to 10:00 p.m.;
- (2) Providing that county ordinances and rules do not violate the provisions of sections 132D-7 and 132D-10; and
- (3) Making technical nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 631, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 631, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 752 Judiciary on S.B. No. 165

The purpose of this bill is to exempt from liability charitable, religious, and nonprofit organizations that distribute pharmaceuticals and health care supplies to needy persons.

Your Committee finds that Hawaii's food donation law protects from liability, all organizations that distribute donated food to families and individuals unable to afford these basic staples of life. However, the current high cost of pharmaceuticals and other health care supplies has placed these goods out of reach of this segment of the population as well. Similar protection for organizations that distribute donated medical supplies will further encourage charitable contributions of these goods to the needy. Your Committee finds that this bill will not in any way restrict the ability of the State to regulate, inspect, or, if necessary, prohibit the distribution of donated pharmaceuticals where necessary to protect consumers.

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

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 165, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 165, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 753 Judiciary on S.B. No. 870

The purpose of this bill, as received by your Committee, is to prohibit operating a pickup truck with any passenger in the bed or load-carrying area except under certain circumstances and to impose a fine of \$500 for each separate violation.

Testimony in support of this measure was submitted by the Department of Health, the Commission on Persons with Disabilities, the Liquor Commission of Honolulu, Mothers Against Drunk Driving, the Hawaii Nurses' Association, Kapiolani Medical Center, Kaiser Permanente, Healthcare Association of Hawaii, American Academy of Pediatrics-Hawaii Chapter, The Hawaii State PTSA, the Hawaii Medical Association, Kauai Medical Clinic Practitioners, Hawaii Insurers Council, H.E.R.E. Local 5 on the Move, Pacific-Asian, Inc., the State Department of Transportation, People Attentive To Children, Keiki Injury Prevention Coalition, Pacific Brain Injury Association, AIG Hawaii Insurance Company, Inc., Professor Karl Kim, University of Hawaii at Manoa, Department of Urban and Regional Planning, the Honolulu Police Department, four physicians, two attorneys, and twelve private citizens. Testimony in opposition to this bill was submitted by MADD Youth In Action, 9 private citizens, and a petition signed with thirty-three signatures.

Your Committee finds that it is an unfortunate reality that increasing numbers of serious injuries and fatalities are occurring due to unprotected impacts received by persons who are riding in the beds of light pick-up trucks. Your Committee notes that children are particularly at-risk of being thrown from the bed, due to their smaller size, when involved in an accident involving a light pick-up truck. Many health care providers and families have experienced and been involved with the ongoing treatment and long-term care necessary for persons who have sustained permanently debilitating conditions due to head trauma. Thus, your Committee acknowledges and agrees that some form of government regulation is necessary to protect the public health and welfare, despite what may appear to be an onerous intrusion by government. Your Committee further notes that once these government regulations are in place, our respective law enforcement agencies will enforce them as appropriate within their jurisdictions.

Upon further consideration, your Committee has amended this measure to provide a safe compromise that we believe is a balanced form of government regulation. Specifically, we have amended this measure by:

- (1) Adding a prohibition of allowing passengers seated in a bed while operating on a road in which the speed limit is posted at forty-five miles per hour or more;
- (2) Deleting the exceptions for vehicles operated in parades, or for vehicles equipped with a federally-approved seat restraint system;
- (3) Reducing the fines from \$500 to \$100 for each violation;
- (4) Increasing the maximum gross vehicle weight from 10,000 to 11,000 pounds or less;
- (5) Changing the effective date from July 1, 1998 to upon approval; and
- (6) Making technical, nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 870, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 870, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 754 Judiciary on S.B. No. 335

The purpose of this bill is to establish a bill of rights for crime victims.

Testimony in support of this measure was submitted by the Department of Prosecuting Attorney of the City and County of Honolulu, Office of Prosecuting Attorney of the County of Hawaii, and Mothers Against Drunk Driving. Testimony expressing concerns about a constitutional bill of rights for crime victims was submitted by the Office of the Public Defender.

Your Committee finds that our criminal justice process has evolved with an emphasis on the protection of the rights of the accused, without providing similar rights and protections for the crime victims. Your Committee further finds that presently 29 states have either proposed or ratified a bill of rights for crime victims within their respective state constitutions, and that a proposed amendment to the U.S. Constitution is presently being considered by Congress. However, your Committee is also aware that the constitutional rights and protections provided to the accused have been general guarantees that have evolved through interpretation by the courts. Thus, your Committee believes that any constitutional rights and protections provided to crime victims, which may be similar in nature to those of the accused, should be broad guarantees which, if necessary, may be further interpreted by the courts.

Upon further consideration of the testimony presented, your Committee has amended this measure by:

- (1) Editing the introduction section;
- (2) Deleting the specific enumerated rights and substituting therefor a general guarantee of rights and protections that is more consistent with constitutional process; and
- (3) Making technical nonsubstantive changes for the purposes of clarity and style.

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

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Metcalf).

SCRep. 755 Judiciary on S.B. No. 1923

The purpose of this bill is to amend Rule 404 of the Hawaii Rules of Evidence by allowing the admission of prior similar acts committed by the same person against the same victim in felony cases under Chapter 707 of the Hawaii Penal Code and in self-defense cases to show that the alleged victim was the first aggressor. This bill also requires the proponent of the evidence to provide reasonable notice of the intent to offer such evidence and to describe the general nature of the evidence.

Your Committee received testimony in support of this bill from the Department of the Prosecuting Attorney of the City and County of Honolulu and the Sex Abuse Treatment Center. Testimony in opposition to this bill was submitted by the Judiciary and the Office of the Public Defender.

Your Committee finds that in particular criminal situations, evidence of prior similar acts committed by the same person against the same victim is highly probative. Your Committee notes that the Legislature agreed with this intent when in 1992, it passed a similar measure which was subsequently vetoed by then Governor Waihee. In his "Statement of Objections to Senate Bill No. 2229" dated June 12, 1992, Governor Waihee opposed the measure for reasons unrelated to the primary intent of this bill. Your Committee further finds that the provisions of this measure fully address then Governor Waihee's 1992 concerns.

Your Committee further finds that in situations of sexual assault and domestic abuse, the repetitive nature of the attacks and abuse are phenomena that reveal a heightened propensity on the part of the perpetrator. Your Committee believes that this measure is necessary to ensure that evidence of a highly probative nature to a special class of offenses will not be automatically excluded. At the same time, however, such evidence will not be automatically admissible because this measure includes language allowing the court discretion. In addition, evidence of a prior similar act can still be precluded by the court under Rule 403 of the Hawaii Rules of Evidence which requires the court to exclude relevant information if its probative value is substantially outweighed by the danger of unfair prejudice.

Upon further consideration, your Committee has amended this measure by allowing evidence of similar past acts in abuse of family or household member prosecutions.

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 S.B. No. 1923, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1923, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 756 Judiciary on S.B. No. 1589

The purpose of this bill is to authorize the Department of Health to conduct multidisciplinary and multiagency reviews of child deaths in order to reduce the incidence of preventable child deaths.

Your Committee finds that this measure will help the State to gain a better understanding of the incidence and causes of child deaths, and to develop methods for reducing the number of preventable child deaths.

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

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1589, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1589, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Metcalf).

SCRep. 757 Judiciary on S.B. No. 305

The purpose of this bill, as received by your Committee, is to include persons producing or making pornographic material involving minors under the offense of child abuse.

Your Committee finds that under our present child abuse laws, in order for a person to be charged with child abuse, the pornographic materials must show a minor engaged in or assisting others to engage in a sexual act. Your Committee further finds that this loophole in the law allows persons producing these materials to exploit children by using them in sexually explicit poses without technically violating the law. Thus, your Committee agrees that it is important to extend the present scope of the offense of child abuse to include producing material in which children are exploited through sexually explicit conduct.

Testimony in support of this measure was submitted by the Honolulu Police Department which urged that the law be further amended to also include possession of pornographic materials involving children. Testimony was submitted by the Office of the Public Defender with comments suggesting that the definition of sexual conduct be amended to include "lascivious" exhibition, and further that a definition of "lascivious" be added to the definition section.

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

- (1) Deleting the definition of "sexually explicit conduct";
- (2) Amending the definition of sexual conduct to include lascivious exhibition of the genital or pubic area of a minor;
- (3) Adding a definition of "lascivious"; and
- (4) Making technical nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 305, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 305, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 758 Judiciary on S.B. No. 321

The purpose of this bill, as received by your Committee, is to include pornographic material involving sexually explicit conduct under the offense of obscenity.

Your Committee finds that under our present obscenity laws, in order for a person to be charged with distribution of pornography involving children, the pornographic materials must show a minor engaged in or assisting others to engage in a sexual act. Your Committee further finds that this loophole in the law allows persons disseminating these materials to exploit children by using them in sexually explicit poses without technically violating the law. Thus, your Committee agrees that it is important to extend the present scope of the obscenity law to include materials in which children are exploited.

Testimony in support of this measure was submitted by the Honolulu Police Department which urged that the scope of the obscenity law be expanded to include dissemination of pornographic materials involving children. Testimony in opposition was submitted by the Office of the Public Defender indicating that the obscenity law did not need to be amended to include dissemination of materials involving children, but that this activity could be covered under the offense of child abuse.

While your Committee appreciates the position of the Public Defender, upon further consideration, your Committee believes that the offense of obscenity should be further expanded to protect children. Therefore, your Committee has amended this measure by:

- (1) Deleting definition of "sexually explicit conduct";
- (2) Amending the definition of sexual conduct to include lascivious exhibition of the genital or pubic area of a minor;
- (3) Adding a definition of "lascivious"; and
- (4) Making technical nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 321, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 321, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 759 Judiciary on S.B. No. 818

The purpose of this measure is to create the criminal offense of trademark counterfeiting and to include it in the list of offenses for repeat offenders.

Your Committee finds that trademark counterfeiting is a recurring problem in Hawaii for retail boutiques and trademark products of the University of Hawaii. Your Committee further finds that tourists are often the target for such scams and are unaware that what they have purchased is a counterfeit until they patronize the authentic brand store.

Your Committee has amended this measure by:

- (1) Clarifying the knowledge element of the offense of trademark counterfeiting; and
- (2) Making technical, nonsubstantive changes for the purposes of clarity and style.

Your Committee received testimony in support of this measure from the University of Hawaii, CHANEL Inc., International AntiCounterfeiting Coalition, Western Anti-Counterfeiting Coalition, Baker & Hostetler L.L.P, Oakley, Inc., GUESS ?, Inc., and the Recording Industry Association of America.

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 S.B. No. 818, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 818, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Metcalf).

SCRep. 760 Judiciary on S.B. No. 293

The purpose of this bill is to clarify that the cooling off period ordered in domestic abuse cases includes a prohibition on all contact with the victim at the premises, or at the family or household member's place of employment, or any other place, nor shall contact be made by telephone.

Testimony in support of this measure was submitted by the Department of the Prosecuting Attorney, City and County of Honolulu, the Domestic Violence Clearinghouse and Legal Hotline, the Police Department, City and County of Honolulu, Child and Family Service, the Hawaii State Coalition Against Domestic Violence, the Hawaii State Commission on the Status of Women, Office of the Mayor, City and County of Honolulu, the Family Peace Center, and five private citizens. Testimony in opposition was submitted by the Office of the Public Defender.

Your Committee finds that providing a physical separation or "cooling-off period" for perpetrators in domestic abuse cases is critical to allow the victim the opportunity to assess the situation without the physical presence of the family member who may still pose a threat to the victim and the victim's family. Your Committee further finds that while physically removing the perpetrator from the premises assists in providing the victim with a safe physical environment, ongoing emotional and mental abuse may persist because the perpetrator is not prohibited from making other types of contact, such as by telephone or other electronic means. Thus, your Committee agrees that the physical "cooling-off period" needs to be extended to other forms of contact to create a "period of safety" in which the victim is free of any contact from the perpetrator.

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

- (1) Reclassifying "cooling off period" to a "period of safety";
- (2) Clarifying that the period of safety includes a prohibition on any contact with the victim, including physical contact, telephone calls, facsimile or electronic mail transmissions, or other electronic communications; and
- (3) Making technical nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 293, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 293, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 761 Judiciary on S.B. No. 333

The purpose of this bill is to prohibit the informal adjustment of domestic violence cases in family court that involve adult defendants.

Your Committee received testimony in support of this measure from the Department of the Prosecuting Attorney of the City and County of Honolulu, the Domestic Violence Clearinghouse and Legal Hotline, Child and Family Service, and the Hawaii State Coalition Against Domestic Violence.

Your Committee finds that as generally applied in the Family Courts, informal adjustment is an effort by intake officers, the courts, or other persons, to provide a child referred to them or brought before them, and where appropriate that child's family, opportunity and aid before and in lieu of formally processing the child.

Your Committee finds, however, that as appropriate and useful as informal adjustment may be in many cases, it is simply not appropriately applied to adult defendants involved in the abuse of family and household members. Adults and children are battered

and murdered by family and household members every hour of every day because many defendants still do not take the offense seriously and cling to the belief that "what goes on in my house is nobody's business but my own" and that "love hurts".

While not treating abuse of family and household members as the violent crime it is, informal adjustment exacerbates the problem by masking its incidence. Your Committee finds it imperative to identify and punish repeat offenders. Informal adjustment interferes with the ability of the system to identify these individuals. At a minimum, it is essential to have clear and consistent documentation of a perpetrator's history of violence toward family members.

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

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 333, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 333, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 762 Judiciary on S.B. No. 834

The purpose of this bill is to allow courts to order the issuance of protective orders for as long as the court feels the order is appropriate, rather than restricting a protective order to a three-year maximum.

Testimony in support of this measure was received from the Department of the Prosecuting Attorney of the City and County of Honolulu, the Domestic Violence Clearinghouse and Legal Hotline, Child and Family Service, the Hawaii State Coalition Against Domestic Violence, and two individuals. Informational testimony was received from the Office of the Public Defender.

Your Committee finds that the current maximum length of three years for protective orders is insufficient. Your Committee notes that if a perpetrator is jailed for violent domestic abuse, the perpetrator may well be in jail for the whole three-year period. Upon release, the victim will be unable to obtain a restraining order, no matter how serious or persistent the prior abuse was, until the abuser has again made new threats or committed actual abuse. Removing the maximum length will permit the court to tailor a protective order to meet the needs of each victim in each case.

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 S.B. No. 834 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 763 Judiciary on S.B. No. 844

The purpose of this bill is to remove the requirement that past domestic abuse be recent in obtaining a restraining order.

Testimony in support of this measure was received from the City and County of Honolulu Department of the Prosecuting Attorney, the Domestic Violence Clearinghouse and Legal Hotline, the Hawaii State Coalition Against Domestic Violence, and Child and Family Service. Informational testimony was received from the Judiciary.

Your Committee finds that under current law, the requirement that past acts of abuse be "recent" in order to qualify for issuance of a protective order is open to interpretation, creating considerable variance among judges. This disparity creates the appearance of arbitrary and uneven protection from a statute that was designed to create the greatest amount of protection.

Your Committee further finds that there may be situations where the perpetrator has been in prison, on the mainland, or on extended military deployment. These abusers have not had the access or opportunity to commit recent abuse. Yet they may continue to pose a significant danger to the victim, proven by a lengthy past history of abuse.

Your Committee believes that by passing this measure, the intent of the legislature in preventing domestic violence is maintained. Removing the term "recent" provides the court with discretion in determining whether there is adequate evidence to support the need for a protective order.

Your Committee has made technical, nonsubstantive amendments to 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 S.B. No. 844, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 844, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 764 Judiciary on S.B. No. 1053

The purpose of this bill is to eliminate the possibility of a person who is convicted of physically abusing a family member to have records relating to that person's arrest, trial, finding of guilt, dismissal, and discharge expunged from that person's record after five years.

Your Committee received testimony in favor of the measure from the Department of the Attorney General, Child and Family Service, the Domestic Violence Clearinghouse and Legal Hotline, the Hawaii State Coalition against Domestic Violence, the Honolulu Police Department, and a private citizen.

Your Committee believes that a criminal convicted of family abuse should not be allowed to have the record wiped clean. Expungement of criminal allegations should be reserved for those who were never convicted of the criminal activity. In this case domestic violence is a pattern of abuse which occurs over a period of time and is not an isolated incident. This means that a permanent prior history is important in determining consequences for repeat offenders. Domestic violence should not be treated lightly and there is no reason that a conviction for abusive behavior against family and household members should be treated any differently than for any other conviction.

Your Committee has amended this bill by making technical, nonsubstantive changes.

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 S.B. No. 1053, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1053, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 765 Judiciary on S.B. No. 1062

The purpose of this bill is to prohibit the use of a deferred acceptance of guilty (DAG) plea or nolo contendere (DANC) plea for an offense involving bodily injury of a person whose relationship to the perpetrator is one of a family or household member, regardless of whether a felony, misdemeanor, or petty misdemeanor.

Testimony in support of this measure was submitted by the Hawaii State Coalition Against Domestic Violence, the Domestic Violence Clearinghouse and Legal Hotline, Child and Family Service, the Department of the Attorney General, the Hawaii State Commission on the Status of Women, and the Department of the Prosecuting Attorney of the City and County of Honolulu. The Office of the Public Defender and Hawaii Citizens' Rights Association suggested amendments to the measure.

Your Committee finds that pursuant to Chapter 853, Hawaii Revised Statutes, DAG or DANC pleas may be granted for those offenses where "it appears to the court that the defendant is not likely again to engage in a criminal course of conduct". Your Committee further finds that allowing the use of DAG or DANC pleas for offenses involving the abuse of a household or family member is inconsistent with this policy because of the high rate of recidivism among perpetrators of domestic abuse. Thus, your Committee believes that it is imperative to protect the health and welfare of our community by establishing legislative policy which acknowledges that domestic abuse is a serious threat to our community and one which must be treated as such by our community.

Upon further consideration, your Committee has determined that the use of DAG and DANC pleas should be prohibited for all crimes of violence. Thus, your Committee has amended this measure by prohibiting the granting of DAG and DANC pleas for all offenses involving intentional, knowing, or reckless bodily injury of another and making 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 S.B. No. 1062, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1062, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 766 Judiciary on S.B. No. 1746

The purpose of this bill is to change the provisions relating to waiver of jurisdiction by the Family Court over minors.

Specifically, the bill allows the court to waive jurisdiction for a minor who is at least fourteen years of age if: the alleged act resulted in serious bodily injury to a victim; the act would constitute a class A felony if committed by an adult; or the minor has been adjudicated, on two separate occasions, for acts that would constitute a felony if committed by an adult. The bill requires waiver if the minor is alleged to have committed an act that would constitute first or second degree murder or attempted murder. The bill also provides for the transfer of Family Court records, including fingerprints, with any minor waived.

Your Committee received testimony in support of the intent of this bill from the Committee Coalition for Neighborhood Safety, the Office of Youth Services, and the Hawaii Youth Services Network. The Department of the Prosecuting Attorney, City and County of Honolulu, submitted testimony supporting the intent of the bill, but preferred discretionary waiver of a minor at any age. The Public Defender submitted informational testimony. The Hawaii Juvenile Justice State Advisory Council and the Judiciary submitted testimony opposing the automatic waiver provisions, and the Judiciary opposed the transfer of all Family Court records and expressed concern that such records may be made public.

Your Committee finds that immediate action is necessary for the protection and safety of the community from the growing number of minors who commit violent or multiple felonies. However, your Committee believes that the waiver provisions should not be automatic, given the myriad factors, both aggravating and mitigating, that may play a role in the decision, nor should waiver for the most serious crimes be tied to any arbitrary age limit. Your Committee further finds that important information in a minor's Family Court record should be available to any court or agency having a legitimate interest in the welfare, treatment, or disposition of the minor. This does not appear to be the case at present. Nevertheless, your Committee is mindful of the need to limit such information to legal and social records and to ensure the confidentiality of these records is maintained.

Accordingly, your Committee has amended this bill by:

- (1) Changing "shall" to "may" on page 5 at line 5, to make discretionary the waiver of a minor charged with murder in the first or second degree or attempted murder;
- (2) Clarifying that only social and legal records of a waived minor shall be transferred;
- (3) Providing that these records shall be kept confidential and shall be divulged only under limited circumstances and for limited purposes;
- (4) Providing for transfer of a minor's records in the juvenile justice information system to the criminal justice data center only upon criminal conviction of the minor or an acquittal by reason of insanity; and
- (5) Making several technical nonsubstantive changes for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1746, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1746, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Bunda).

SCRep. 767 Judiciary on S.B. No. 1279

The purpose of this bill is to extend the existing prohibition of sexual penetration of a prisoner by a corrections officer to a general prohibition of sexual penetration of any arrested or detained person by a public official who is detaining them.

Testimony in support of this measure was submitted by the Department of the Prosecuting Attorney of the City and County of Honolulu, the Department of the Attorney General and the County of Hawaii Police Department. The Office of the Public Defender submitted testimony suggesting amendments to this bill.

Your Committee finds that under current law, adult corrections officers are held to a higher standard of conduct in relation to their prisoners than police officers. If an imprisoned person is subjected to an act of consensual or nonconsensual sexual penetration by a corrections officer, the act constitutes sexual assault in the second degree. However, if an imprisoned person is subjected to an act of sexual penetration by a police officer, the prosecution must prove beyond a reasonable doubt that the person did not consent to the penetration.

Your Committee further finds that existing law recognizes that a person in custody is in no position to consent to an act of sexual penetration by those who are incarcerating them. Thus, your Committee believes that the policy of preventing coercion by correctional officers for sexual favors from inmates and to prevent inmates from using sex to extort favors from correctional officers should be extended to all law enforcement officers.

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

- (1) Extending the prohibition to all law enforcement officers;
- (2) Defining "law enforcement officer";
- (3) Clarifying that a law enforcement officer shall not be prohibited from performing a good faith search pursuant to a valid exception to the warrant requirement;
- (4) Adding a savings clause; and
- (5) Making technical nonsubstantive changes for the purpose of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1279, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1279, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 768 Judiciary on S.B. No. 256

The purpose of this bill is to prohibit the granting of a deferred acceptance of guilty or deferred acceptance of no contest plea when a defendant has been charged with sexual assault in the second or third degree.

Your Committee received testimony in favor of the measure from the Department of the Attorney General, the Executive Director of the Hawaii State Commission on the Status of Women, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Sex Abuse Treatment Center, and the Hawaii State Coalition Against Sexual Assault. Testimony in opposition to the measure was received from the Office of the Public Defender.

While your Committee recognizes that, as a general rule, courts should be afforded a significant amount of discretion appropriate to a co-equal branch of government, and that courts grant deferred pleas in sexual assault cases in only a very limited number of cases, your Committee nevertheless finds that sexual assault in the second and third degrees are extremely serious crimes and, as a policy matter, should not be included in those types of offenses for which deferred acceptance of guilty or deferred acceptance of no contest pleas are available.

Under current law, a deferred plea may be granted if the offense is sexual assault in the second degree, a class B felony, or sexual assault in the third degree, a class C felony. If a deferred plea is granted, no conviction results and the defendant's record is expunged. Therefore, the defendant's record will not reflect a prior offense. This is particularly disturbing given the seriousness of the conduct which can constitute the offenses of sexual assault in the second or third degree.

For example, sexual assault in the second degree includes acts in which the defendant has knowingly subjected the victim to sexual penetration by compulsion or knowingly subjected a mentally defective or physically helpless victim to sexual penetration. Sexual assault in the third degree includes acts where the defendant has knowingly subjected mentally defective, physically handicapped, or children under the age of fourteen to sexual contact. Your Committee finds that this type of conduct is so serious that deferred pleas should not be permitted for these offenses.

Moreover, your Committee further finds that a deferred acceptance of a guilty or no contest plea could deem an offender eligible to own a firearm at a later date. Sexual assault victims are often devastated when they find out that the perpetrator of the crime can resolve the prosecution in a manner that will result in no criminal record after a period of time has passed. The victim of the sexual assault must live with the memory for life. Your Committee finds that it is unfair to allow a perpetrator to erase the crime, as if it had never happened.

Finally, your Committee finds that sex offenders are very likely to re-offend. A recent Atlanta study of recidivism among rapists and child molesters found that rapists had an average of seven victims and child molesters an average one hundred and fifty.

In addition, the welfare of society is served when complete and accurate information is available about a sex offender. For instance, proposals to allow certain individuals access to criminal records for the purpose of employment background checks are predicated on the availability and accuracy of an individual's criminal history. Without complete and accurate information in the area of sexual offenses, offenders could gain employment, for example, as a child care worker, a teacher, pediatrician, or any position which places them in close contact with relatively powerless individuals. Given the strong likelihood that sex offenders will repeat their criminal behavior, it is imperative that the community develop safeguards in response. Disallowing the deferral of guilty or nolo contendere pleas for all sex offenses would represent such a safeguard.

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 S.B. No. 256 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 769 Judiciary on S.B. No. 846

The purpose of this bill is to make housekeeping amendments to Chapter 329, Hawaii Revised Statutes, to conform with changes in federal law. This bill also provides for emergency scheduling of dangerous drugs, partial filling of prescriptions, and the criminalization of certain acts relating to prescription forms.

Your Committee received testimony in support of this bill from the Narcotics Enforcement Division of the Department of Public Safety and from Longs Drug Stores.

Your Committee finds that in order to protect the public safety from abuse of controlled substances, the Narcotics Enforcement Division of the Department of Public Safety must be vested with authority to place substances into schedules I, II, III, IV, or V on a temporary basis. By allowing emergency scheduling, your Committee believes that we are providing the Department with the tools necessary to take immediate action against hazardous substances, such as the recent appearance of "date rape" drugs in our 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 S.B. No. 846, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Metcalf).

SCRep. 770 Judiciary on S.B. No. 1277

The purpose of this bill is to establish the offense of manufacturing a dangerous drug as a class A felony and to provide a mandatory minimum sentence for the manufacture of methamphetamine or the distribution of methamphetamine to minors.

Your Committee finds that the growing problem of manufacturing dangerous drugs in Hawaii poses a significant problem to law enforcement officials given the lack of powerful sanctions under current law. Your Committee further finds that illegal manufacture and abuse of "ice", the crystalline form of methamphetamine, presents an imminent public health threat as a highly addictive drug linked to violent behavior.

Accordingly, your Committee believes it is imperative for the Legislature to establish an aggressive policy for penalizing the manufacture, sale, and distribution of dangerous drugs, especially when those sales are targeted to minors.

Testimony in support of this measure was submitted by the Department of the Prosecuting Attorney of the City and County of Honolulu, the Department of the Attorney General, and other law enforcement agencies. The Office of the Public Defender made comments suggesting possible amendments to the bill.

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

- (1) Defining "manufacture";

- (2) Providing that the offense of manufacturing a dangerous drug does not apply to registered persons under Section 329-32, Hawaii Revised Statutes; and
- (3) Making technical, nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1277, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1277, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 771 Judiciary on S.B. No. 298

The purpose of this bill is to expand the standard under which persons can be prosecuted for the offense of unauthorized control of a propelled vehicle.

Testimony in support of this measure was submitted by the Honolulu Police Department and two members of the Chinatown Merchants Association. Testimony was submitted by the Office of the Public Defender indicating concerns regarding the expansion of the standard to include reckless state of mind.

Your Committee finds that there has been an alarming increase in the numbers of automobiles which are stolen statewide. Your Committee further finds that residents and visitors alike are being preyed upon by these thieves. Thus, your Committee agrees that we need to aggressively seek ways to address our escalating problem of auto theft to protect the public safety. However, your Committee believes that lowering the standard to include "reckless" state of mind is too broad.

Upon further consideration, your Committee has amended this bill to limit the standard under which a person can be arrested to "intentionally" or "knowingly".

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 S.B. No. 298, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 298, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Metcalf, Sakamoto, Anderson).

SCRep. 772 Judiciary on S.B. No. 1278

The purpose of this bill is to create a new offense of habitual theft as a class C felony.

Testimony in support of this measure was submitted by the State Attorney General, the Honolulu Police Department, the Department of the Prosecuting Attorney of the City and County of Honolulu, and the County of Hawaii Police Department. Testimony in opposition to this measure was submitted by the Office of the Public Defender.

Your Committee finds that Hawaii's property crime rate has increased dramatically, to the extent that theft is the most reported crime among residents and tourists. Your Committee further finds that most often, the monetary value of the items taken is below the amount for which a person can be prosecuted for a felony offense and receive a sentence of imprisonment. Thus, most of these thefts are committed by repeat offenders. Your Committee further acknowledges that while some may consider this measure to be overly severe, your Committee strongly believes that a clear message needs to be sent to the public that we are taking a serious stance on habitual theft. Your Committee is also aware that the judges still retain their discretion to impose the appropriate sentence when they find mitigating circumstances, which allows for the appropriate punishment to fit the crime.

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 S.B. No. 1278 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Metcalf, Sakamoto, Anderson).

SCRep. 773 Judiciary on S.B. No. 853

The purpose of this bill, as received by your Committee, is to create a new offense of driving under the influence of intoxicating liquor by a person under age twenty-one, also known as "zero tolerance", and to provide penalties including license revocation and substance abuse assessment and treatment.

Testimony in support of this measure was submitted by the Honolulu Police Department, the Department of the Prosecuting Attorney for the City and County of Honolulu, the state Department of Transportation, the state Department of Health, Mothers Against Drunk Driving, Youth in Action, State Farm Insurance Companies, and two private citizens. Testimony was also submitted by the Office of the Public Defender, with suggested amendments regarding classification of the offense and conformance with the existing DUI laws.

Your Committee finds that although consumption of intoxicating liquor by persons under the age of twenty-one is illegal, our driving under the influence (DUI) laws do not specifically prohibit driving by persons under age 21 if their blood alcohol content is less than the .08 level necessary to be charged with DUI. Your Committee is aware that young drivers under the influence of intoxicating liquor have long been recognized as a contributing factor in traffic accidents involving serious injuries and fatalities.

Your Committee further finds that the level of tolerance in young persons consuming intoxicating liquor has been proven to be substantially lower than that of mature adults, and thus their risk of impairment while driving is increased.

Your Committee has also been made aware that studies of the "zero tolerance" laws in other states have shown that these laws reduce the proportion of serious and fatal accidents involving young drivers. Thus, your Committee agrees that we need to establish a "zero tolerance" policy regarding driving under the influence for young persons that recognizes and addresses the seriousness of the offense.

Upon further consideration of the testimony presented, your Committee has amended this measure by:

- (1) Reclassifying the offense from "driving under the influence of intoxicating liquor by a person under age twenty-one" to "driving after consumption of intoxicating liquor";
- (2) Changing the penalty for a first offense from six months to ninety days;
- (3) Deleting the provisions related to administrative revocation under chapter 286, which are inapplicable to this new offense;
- (4) Making conforming amendments to section 287-20 to incorporate by reference this new offense; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 853, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 853, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Metcalf).

SCRep. 774 Judiciary on S.B. No. 991

The purpose of this bill is to establish implied consent provisions related to blood and urine testing for driving under the influence of drugs; and to provide penalties for persons who refuse to be tested for drugs.

Your Committee received testimony in support of this measure from the state Department of Transportation, Mothers Against Drunk Driving, the Office of the Mayor of the City and County of Honolulu, the Honolulu Police Department, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Maui County Police Department, and Clinical Laboratories of Hawaii. The Office of the Public Defender submitted comments suggesting amendments to this measure.

Your Committee finds that the alarming increase in illegal drug use in our State raises concerns about public safety because these drug users are undoubtedly driving while impaired by illegal drugs. Yet, current laws against driving under the influence of drugs are difficult to enforce due to the absence of any penalty for refusing to give a urine sample for toxicological testing to determine the presence of drugs in a person's body.

Your Committee further finds that in order to effectively prosecute persons driving under the influence of drugs, police officers must be allowed to request a driver submit to a drug test in the same manner in which "implied consent" applies to drunk drivers.

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

- 1) Changing the evidentiary use of the presence of drugs found in the defendant's blood or urine from "creating a presumption" to being "competent evidence" that the defendant was under the influence of drugs;
- 2) Creating a new section prohibiting the admissibility of evidence of the presence of drugs or metabolic products obtained from a blood or urine specimen in any proceeding brought under chapter 329 or 712, Hawaii Revised Statutes;
- 3) Authorizing police departments to establish intoxication and drug control roadblock programs and establishing minimum standards for roadblock procedures;
- 4) Authorizing police departments to obtain urine samples from the driver in the event of a vehicular collision resulting in injury or death;
- 5) Deleting the provision requiring the presence of any drug "...within three hours after the time of the alleged offense...";
- 6) Deleting the provision allowing the introduction of relevant evidence of a person's drug content obtained more than three hours after an alleged violation under section 291-7, Hawaii Revised Statutes; and
- 7) Making technical nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 991, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 991, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Metcalf).

SCRep. 775 Judiciary on S.B. No. 377

The purpose of this bill is to require health care providers to report a patient's blood alcohol content to the police if the patient has been involved in a motor vehicle collision resulting in injury or death and if the patient's blood alcohol content meets or exceeds the legal intoxication limit. This bill also provides health care providers immunity from civil liability when the health care provider gives notice of a patient's blood alcohol content in good faith compliance.

Your Committee received testimony in support of this bill from Mothers Against Drunk Driving, the Honolulu Police Department, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Hawaii Medical Association, and a medical doctor.

Your Committee finds that there is an immediate danger to the public safety when a health care provider has no choice but to release an intoxicated person into the community after a collision involving injury or death. The health care provider may be aware that the person being treated has a blood alcohol content above the legal limit, yet the health care provider is unable to divulge this information to law enforcement due to an ethical duty of patient confidentiality.

Your Committee further finds that current laws allowing police to request blood samples from persons involved in collisions resulting in injury or death are somewhat ineffective given the requirement that probable cause must first be established as to the alleged violation of a vehicular-related criminal offense involving intoxicating liquor. Accordingly, your Committee believes that health care providers must be required to provide notice to the police when they become aware that a treated patient has a blood alcohol content over the legal limit.

Upon further consideration, your Committee has amended this bill by clarifying that the notice given to the police by a health care provider is sufficient to establish probable cause as to the intoxication element of the vehicular-related criminal offense with which the person may be charged.

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 S.B. No. 377, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 377, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Metcalf).

SCRep. 776 Ways and Means on S.B. No. 286

The purpose of this bill is to tighten the sentencing laws by:

- (1) Requiring all convicted felons sentenced to prison to serve at least eighty-five percent of their sentences before becoming eligible for parole;
- (2) Requiring persons sentenced to life imprisonment with possibility of parole, to serve no less than twenty years before being eligible for parole; and
- (3) Providing discretion to judges in setting maximum sentences.

Your Committee finds that this "truth-in-sentencing" reform measure will provide certainty of consequences for serious criminal behavior in a manner that conforms with recent federal mandates. It will increase public safety in Hawaii by ensuring that dangerous criminals who deserve prison sentences are not released before they should be, and will help to restore the public's confidence and respect for the criminal justice system.

Your Committee notes that additional prison bed space may be needed in order for these important reforms to be successfully implemented. Your Committee has, therefore, amended this measure by making it effective one year after its approval to allow the State to explore potential sources of funding for additional prison bed capacity. Technical, nonsubstantive amendments were made.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 286, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 286, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Tanaka).

SCRep. 777 Ways and Means on S.B. No. 1353

The purpose of this bill is to require the Department of Public Safety to establish a regimental discipline program that includes intensive treatment, counseling, and educational programs for young adult defendants found to be substance abusers.

Your Committee finds that similar regimental discipline programs that provide an alternative to incarceration have proven highly effective in reducing recidivism in other jurisdictions. Your Committee believes that the growing problem of substance abuse accounts for much of the increased criminal activity among young adults. Your Committee finds that a program that targets young adult offenders with substance abuse problems in a highly structured and motivational environment provides a positive response to the growing criminal activity by drug users to support their drug habit, without adding unnecessarily to prison overcrowding.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1353 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Tanaka).

SCRep. 778 Ways and Means on S.B. No. 838

The purpose of this bill is to require the registration of sex offenders and public access to registration information.

Your Committee received testimony in favor of this measure from the Attorney General (with inclusion of funding for an automated registration system), Office of Information Practices (limiting vehicle registration information to the offender's vehicle's license number and vehicle description, and limiting the charging of fees for copying rather than document inspection), the Hawaii State Commission on the Status of Women, the City and County of Honolulu Police Department (deleting redundant reporting to county police departments), the County of Hawaii Police Department (adding funding for automated registration and personnel), and the Sex Abuse Treatment Center.

Your Committee finds that sexual offenses, particularly those involving the use of physical violence, violence against children, and repeat sexual offenses, present an extreme threat to the public. The impact of these offenses, which target primarily women and children, can be lifelong, causing severe emotional, mental, and physical problems that dramatically reduce the quality of a victim's life and incur tremendous societal costs. Moreover, due to the nature of the crime and the often brutal reporting process, victims frequently do not report sexual assaults against them.

Your Committee agrees with the intent of this bill, and finds that the bill strikes an appropriate balance between comprehensive public access to information regarding sex offenders, and the avoidance of publishing potentially misleading information that could hurt innocent people. Your Committee further finds that this bill, which adopts more stringent registration requirements for sex offenders and ensures public access to relevant information regarding the presence of sex offenders in Hawaii's communities, is necessary both to ensure that federal funds for law enforcement agencies are not lost and for the protection and safety of Hawaii's residents.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 838, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Iwase, Levin, Taniguchi, Anderson).

SCRep. 779 Ways and Means on S.B. No. 1037

The purpose of this bill is to appropriate moneys as grants-in-aid to each county for their respective prosecuting attorney offices for their career criminal prosecution units, victim witness programs, and domestic violence prosecution units.

Your Committee finds that the counties need financial assistance from the State to support their very necessary crime prosecution function in these areas for which the grants-in-aid are being made.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1037 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Tanaka).

SCRep. 780 Ways and Means on S.B. No. 1264

The purpose of this bill is to allow the inclusion of fingerprints of juvenile law violators, twelve years of age or older, who commit, or attempt to commit, any act which would constitute a violation of any federal, state, or local law or municipal ordinance into the Automatic Fingerprint Identification System (AFIS); and to provide that juvenile fingerprints shall only be purged by court order or when the child reaches twenty-five years of age.

Presently the law only allows inclusion of fingerprints of juvenile law violators, twelve years or older, who commit an act which if committed by an adult would be a felony or which involves theft or criminal property damage in excess of \$100. Present law also allows expungement of the fingerprints if the child is proven to be innocent of committing the act for which the fingerprints were taken, or if the child is not informally adjusted under section 571-31.4, Hawaii Revised Statutes. The bill thus allows the State to maintain the fingerprint records of any child accused of a law violation.

Since the inception of the program in 1995, AFIS has proven to be a valuable and effective tool in the identification of youthful violators by fingerprint analysis. Much can be gained in the interest of public safety by expanding the AFIS to include and maintain the fingerprints of all juveniles alleged to have committed a law violation.

Your Committee has corrected page 4 of the bill to conform to the language of section 846-2.5, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1264, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1264, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 781 Ways and Means on S.B. No. 1706

The purpose of this bill is to require convicted criminals to pay restitution to their victims by requiring the court to order restitution by the defendant and authorizing the imposition of restitution fines.

This bill requires the court to order restitution to the victim of the crime in an amount that fully reimburses a victim for losses as a result of that crime. The court is also required to impose a restitution fine that is above and beyond any other criminal fine that may be imposed. The restitution fine paid by the criminals will be deposited into the criminal injuries compensation fund. The order for restitution does not affect any compensation that a victim may be entitled to through the criminal injuries fund, but any restitution actually received by the victim from a defendant will reduce the amount received from the criminal injuries compensation fund.

The policy of having a convicted criminal pay restitution to the victim and to pay restitution fines is beneficial to both the criminal and society. The criminal has an opportunity to right the wrong to the victim and society is benefited by having an additional resource to provide restitution to victims.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1706, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Tanaka).

SCRep. 782 Ways and Means on S.B. No. 1309

The purpose of this bill is to make a variety of improvements to the criminal injuries compensation law.

Specifically, this Act includes acts of terrorism as offenses for which compensation may be sought, allows state residents to receive compensation from Hawaii if not fully compensated by the state in which the crime occurred, and prohibits compensation being made to prisoners who are injured while incarcerated.

Your Committee finds that Hawaii residents who either travel a great deal or are temporary residents in another state should be compensated for injuries resulting from terrorism or other violent crimes when not fully compensated by the state in which the crime occurred. The compensation, designed to put the victim right in terms of medical expenses or lost earnings is not intended as extraordinary windfall cash for the injured.

Your Committee also finds that incarcerated persons should not be compensated under this program if they are hurt or killed while in prison. The Department of Public Safety assumes the costs to inmates and when called for, civil remedies are available to the inmate.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1309, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Tanaka).

SCRep. 783 Ways and Means on S.B. No. 1269

The purpose of the bill is to establish as permanent programs, the Hawaii state clearinghouse for missing children program and the Hawaii missing children's clearinghouse trust fund in the Hawaii Justice Foundation, which were set up as a three-year pilot project under Act 246, Session Laws of Hawaii 1994.

Act 246, Session Laws of Hawaii 1994, established a missing children state clearinghouse three-year pilot project which is to sunset in June of 1997. The pilot project has been a success, assisting in the recovery of 150 missing children in less than two years. These results suggest that the pilot program should be made a permanent state program.

Your Committee has amended this bill by clarifying its purpose and reducing the appropriation amounts to \$1.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1269, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1269, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Tanaka).

SCRep. 784 Ways and Means on S.B. No. 715

The purpose of this bill is to allow the court to impose a monetary penalty on outstanding traffic citations and judgments based on a graduated scale.

Testimony in support of this measure was received from the Judiciary.

Your Committee finds that uncollected traffic fines represent lost revenues to the State. Without this type of incentive to pay infractions on a timely basis, scofflaws will continue to avoid payment. Adding a graduated scale that increases penalties in proportion to the amount of delinquency will encourage prompt payment, and thereby also reduce the labor and expense to the State of having to maintain records of unpaid citations.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 715, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Iwase, Levin, Taniguchi, Anderson).

SCRep. 785 Ways and Means on S.B. No. 842

The purpose of this bill is to allow the Director of Public Safety to require withdrawals from inmates' accounts to support dependents and for reimbursement for costs incident to the inmates' confinement.

The bill also: permits the garnishment of inmate compensation for restitution to or for the benefit of the victim, the victim's dependents, or one who has incurred expenses as a result of the victim's injury or death; and requires all able-bodied inmates to engage in full-time work or on-the-job-training, payments for which are to be used to offset costs of imprisonment, restitution, and family support.

Your Committee finds that the correctional industries program in the Department of Public Safety is a self-sustaining operation that provides inmates the opportunity to learn occupational skills and offer products for sale to government agencies and non-profit organizations. Your Committee further finds that correctional industries program staffing requires persons with technical expertise, but for whom there may not be full-time employment because of the fluctuation in workload that is dictated by the demand for products. Thus, your Committee believes that the Department of Public Safety should have the flexibility to hire these technical persons, when necessary, to maximize the opportunities for job training for the inmate population.

Your Committee also believes that it is eminently fair to require able-bodied inmates to work or engage in on-the-job-training and to use compensation therefrom to provide restitution to victims, support for family members, and reimbursement for costs to the State for confinement. However, your Committee feels that these provisions should not be adopted wholesale, without some provision made to revisit this issue to ensure that the goals and objectives are being met in a fair and just manner.

Accordingly, your Committee has amended this bill: to provide a five-year drop dead provision to allow sufficient time for this program to be evaluated to determine whether it should be made permanent; and to authorize an increase in the number of temporary exempt positions that the Director of Public Safety may appoint to fill the staffing needs of the correctional industries program.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 842, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 842, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 786 Ways and Means on S.B. No. 722

The purpose of this bill is to provide a state income tax credit for residents who install an electronic burglar alarm in their primary residence.

Your Committee received favorable testimony from Moanalua Gardens Community Association, Moanalua Valley Community Association, Inc., and the chairperson of the Aiea Neighborhood Board testifying in his individual capacity. Testimony in support indicated that the bill would encourage the installation of burglar alarms, especially by senior citizens who are on fixed incomes and particularly vulnerable to both property and personal crimes. The installation of such alarms would increase protection for property as well as personal safety, and might reasonably be expected to result in a decrease in crime.

The Department of Taxation submitted testimony in opposition to the bill based on concerns for increased administrative burdens, loss of revenue, the effectiveness of the tax credit, and the possibility for abuse. The Tax Foundation of Hawaii submitted testimony which indicated concern that the tax credit was not designed to mitigate the tax burden to taxpayers and concern as to the effectiveness of the bill.

Your Committee amended the bill to address the Department of Taxation's concern that a taxpayer might abuse the credit by transferring the alarm to a second taxpayer so that both may claim the credit. As amended the credit may be claimed by taxpayers who purchase and install an electronic burglar alarm.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 722, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 722, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Fernandes Salling, Iwase, Anderson).

SCRep. 787 Ways and Means on S.B. No. 1314

The purpose of this bill is to establish a correctional health care program within the Department of Public Safety.

Specifically, this bill authorizes the Director of Public Safety to appoint the administrator of the health care program and physicians who provide care to inmates without regard to the civil service and compensation laws.

Your Committee finds that providing for the health care needs of inmates is a priority for the Department of Public Safety. Because inmates are considered wards of the State, the courts have established that health care services in correctional facilities must meet the same levels and standards as health care services in the community. This responsibility is a great one and requires a program administrator and physicians who are not only experts in their professions, but who also understand the challenges and satisfaction of delivering health care services in a correctional environment.

Your Committee finds that this bill will provide the Department of Public Safety with the administrative and fiscal flexibility needed to recruit and retain a health care administrator and physicians who have the skills, knowledge, and abilities to work effectively and efficiently in the correctional environment.

Your Committee has amended this bill by clarifying that the positions to be appointed by the Director of Public Safety under the provisions enacted by this bill shall be limited to existing authorized physician positions. This amendment will clarify the question as to how many physicians the program includes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1314, S.D. 1, as amended herein and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1314, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Tanaka).

SCRep. 788 Human Resources on S.B. No. 902

The purpose of this bill is to clarify that the penalty for a second violation of the wage and hour law shall be not more than ten percent of the contract amount.

Your Committee received testimony in support of this bill from the Associated Builders and Contractors of Hawaii, San Juan Construction, Inc., Nordic Construction, Ltd., Hawaiian Dredging Construction Company, S & M Sakamoto, Inc., Hawaiian Bitumuls & Paving Company, Metcalf Construction Company, Weatherwax Electric, Inc., Lighthouse Electric, Inc., Lindeman Construction, Inc., General Contractors Association of Hawaii, Ewa Villages Nonprofit Development Corp., Construction Industry Legislative Organization, and a private attorney. Testimony in opposition was received from the Department of Labor and Industrial Relations (DLIR) and Hawaii Operating Engineers Industry Stabilization Fund.

Your Committee finds that the current law has a history of vacillation in the penalty amount for a second violation of the wage and hour law. Act 92, Session Laws of Hawaii 1991, changed the amount from not more than five percent to not more than ten percent. Act 181, Session Laws of Hawaii 1995, changed the amount from not more than ten percent to a straight ten percent, which is the current law. The DLIR testified that continuous changes will confuse employers and make it difficult for the DLIR to enforce the penalty because the penalty is determined by the law at the time the violation occurred. The DLIR further testified that the mandatory ten percent has been an effective deterrent to violation.

Your Committee has amended this bill to delete the proposed amendment. Your Committee has further amended this bill to clarify that a subcontractor shall be fined for a second violation only on the portion of the contract which that subcontractor actually worked on.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 902, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 902, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Sakamoto, Anderson).

SCRep. 789 Human Resources on S.B. No. 1144

The purpose of this bill is to modify the applicable standard for exclusion of part-time employees under Hawaii's public sector collective bargaining law.

Testimony in support of this bill has been received from the United Public Workers, AFSCME, Local 646, AFL-CIO, University of Hawaii Professional Assembly, Hawaii Government Employees Association, and Hawaii State Teachers Association. Testimony in opposition was received from the Department of Human Resources Development and the Department of Education.

Your Committee finds that section 89-6(c), Hawaii Revised Statutes, currently excludes from coverage of Hawaii's public sector collective bargaining law part-time employees who work less than twenty hours per week, regardless of their length of employment or regularity of service. At the same time, "temporary" employees are afforded full rights to collective bargaining after three months of service. Your Committee believes that such disparity of treatment is unwarranted particularly in view of the fact that part-time employees under comparable private sector statutes are entitled to representation where they regularly perform four hours of work per week, and part-timers work along side regular full-time employees without comparable wages, hours, and terms and conditions of employment.

Your Committee has amended this bill to grant rights to collective bargaining under chapter 89, Hawaii Revised Statutes, to all part-time employees who work four hours or more effective July 1, 1998. To ensure a smooth transition and to facilitate the change from excluded to included status, we are requiring the Office of Collective Bargaining to work with public employers and the exclusive bargaining representatives of all bargaining units to conduct an employee survey and to submit a report to the governor and legislature no later than twenty days prior to the convening of the 1998 regular session of its findings and recommendations regarding the implementation of this bill. The employee survey shall be conducted no later than November 1, 1997 during the school year.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1144, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1144, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Sakamoto, Anderson).

SCRep. 790 Commerce, Consumer Protection, and Information Technology on S.B. No. 140

The purpose of this bill is to make technical amendments to the limited liability partnership legislation enacted in 1996.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and the Legislative Committee of the Hawaii Society of Certified Public Accountants.

Your Committee finds that this measure is necessary to clarify the provisions of the 1996 law requiring limited liability partnerships to maintain insurance or other security to eliminate possible ambiguity or potential misinterpretation regarding the nature and amounts of the required insurance or other security.

Your Committee notes the importance of this measure to the business community and recommends expedited passage.

Your Committee has amended this measure by adding a section amending Section 425-175, Hawaii Revised Statutes, and by making certain other technical changes to conform this measure to H.B. No. 774, H.D. 1 (the House companion bill), to ensure agreement between the Houses.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 140, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 140, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 791 Commerce, Consumer Protection, and Information Technology on S.B. No. 141

The purpose of this bill is to authorize and regulate lease-purchase agreements of personal property. Specifically the bill requires certain disclosures, and exempts these agreements from chapter 476, Hawaii Revised Statutes (HRS), relating to credit sales, and from articles 2A and 9 of the Commercial Code, HRS.

Your Committee received testimony in support of this measure from Thorn Americas dba Rent A Center. The Department of Commerce and Consumer Affairs and Ho'omau ke Ola Substance Abuse Treatment Center submitted testimony in opposition.

Your Committee finds that, unlike credit sales, lease-purchase agreements permit consumers to rent personal property. Although purchasing the property is an option available to the customer with rental payments going toward the purchase price, fewer than 25 percent of all customers choose to rent the property long enough to acquire ownership. The average length of lease purchase agreements is about 100 days; 40 percent of the agreements end within ten weeks of the original transactions. Typically, the customer rents the property for a week or a month and makes an advance payment. At the end of the initial rental period, customers can (1) renew the agreement by making another advance payment; (2) terminate the agreement and arrange for return of the merchandise; or (3) exercise an early purchase option. Forty-four other states have passed legislation regulating this industry.

The Office of Consumer Protection raised several concerns regarding the adequacy of the disclosure provisions and reinstatement rights. Your Committee believes that consumers are entitled to full and clear disclosure in these transactions and the right to reinstatement if a consumer is temporarily unable to continue renting. Therefore, your Committee has adopted many of the recommendations of the Office of Consumer Protection and has amended the bill by:

- (1) Changing the definition of "cash price", deleting the definition of "consumer", and adding a new definition for "lessee";
- (2) Substituting the word "lessee" for the word "consumer" throughout the bill;
- (3) Adding to section -4, relating to disclosure of information, requirements as to the printing of the disclosure and the furnishing of a copy of the lease agreement by the lessor to the lessee;
- (4) Adding a new provision section -5(14), to require a notice to lessees before signing an agreement;
- (5) Rewriting section -7, relating to reinstatement of agreement and repossession; and
- (6) Making technical, nonsubstantive amendments.

Your Committee believes these amendments will provide stronger protection for the consumer, while giving the industry clearer guidelines in conducting lease-purchase agreements.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 141, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 141, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 792 Commerce, Consumer Protection, and Information Technology on S.B. No. 952

The purpose of this bill is to provide additional warranty remedies, not otherwise provided under Hawaii law, in connection with the sale of assistive devices for consumers with disabilities.

Your Committee received testimony in support of this measure from the Commission on Persons with Disabilities, the State Planning Council on Developmental Disabilities, Hawaii Assistive Technology Training and Services, the Hawaii Centers for

Independent Living, and three individuals. The University of Hawaii School of Law submitted testimony in support, subject to clarifying amendments.

Your Committee finds that assistive devices are an integral part of the lives of many individuals, the elderly and persons with disabilities in particular. For these people, it is absolutely critical to have equipment that is reliable and effective. In those cases when the equipment has substantial defects, it is more than simply an inconvenience for the user.

Your Committee notes that seventeen other states have passed assistive technology warranty laws, and several others have legislation pending. According to advocates for the disabled, none of the existing laws have led to frivolous lawsuits, hardships on vendors, or decreases in accessibility.

Your Committee has made a number of amendments to the bill to conform its language more closely to Hawaii's existing warranty laws, and to clarify the definitions of "assistive device" and "nonconformity". Your Committee believes the bill, as amended, will provide increased protection for those consumers most in need of assistance.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 952, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 952, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 793 (Joint) Commerce, Consumer Protection, and Information Technology and Ways and Means on S.B. No. 1285

The purpose of this bill is to provide flexibility to government agencies in providing public notice, which will generate cost savings and allow the agencies to reach the appropriate recipients of the information more efficiently.

Your Committees received testimony in support of this measure from the Department of the Attorney General, the Department of Accounting and General Services, and the Board of Land and Natural Resources. The Hawaii Newspaper Agency, the Hawaii Tribune Herald, the Hawaii Publishers Association, the Garden Island Newspaper, Common Cause Hawaii, the Sierra Club, Hawaii Chapter, and one individual submitted testimony in opposition. The League of Women Voters and RFD Publications provided comments.

Your Committees find that public notice is critical to citizen involvement with government and numerous state laws do not recognize that there are alternative print media available, other than statewide newspapers of general circulation. Furthermore, government agencies are constantly examining ways to develop more efficient and cost-effective means of operation, without sacrificing public participation.

Your Committees believe that the bill, as introduced, was well intended. However, your Committees have heard a broad range of concerns from both the print industry and public interest groups. Your Committees have amended the bill to focus on the goals of competition, consistency, and cost savings, by:

- (1) Rewriting the purpose section to reflect that focus;
- (2) Requiring in Section 2 that notice be published in a daily or weekly publication of statewide circulation, or separate daily or weekly publications whose combined circulation is statewide;
- (3) Requiring in Section 2, for county-wide publications, the publication of notice in a daily or weekly publication in the affected county;
- (4) Requiring in Section 2 that the comptroller determine a consistent publication procedure enabling the public to go to one source for information;
- (5) Amending section 91-3, Hawaii Revised Statutes, to require government agencies involved in rule making to provide notice that a copy of a proposed rule be mailed to anyone who pays in advance for the cost of the copy and the postage and as to where, when, and at what times the proposed rule may be reviewed by the public;
- (6) Conforming all existing sections of Hawaii Revised Statutes regarding notice provisions; and
- (7) Making technical, nonsubstantive amendments.

Your Committees believe the amendments to this bill are a good beginning, but only a beginning. Members of your Committees still have concerns regarding the special problems of public notices reaching rural communities, particularly on the neighbor islands. There are also issues still to be resolved on the priorities of public notices, specifically those related to land, lease, and permit actions. Your Committees believe these and other issues can best be addressed during the interim period between the 1997 and 1998 legislative sessions, and recognize this work may lead to additional recommendations for amendments to public notice laws in the future.

Your Committees also would urge the State to continue to pursue cost saving measures, such as those agreements reached in recent years between government agencies and the newspaper industry on advertising and government notices in the newspapers.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Information Technology and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1285, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1285, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 15. Noes, none. Excused, 3 (Aki, Iwase, Anderson).

SCRep. 794 Commerce, Consumer Protection, and Information Technology on S.B. No. 1515

The purpose of this bill is to update the law regulating pest control operators. Specifically, the bill:

- (1) Repeals the exemption of pest control operators from chapter 444, Hawaii Revised Statutes (HRS), the law regulating contractors;
- (2) Clarifies that pest control operators may provide proof that the applicant is excluded from the requirements of chapter 386, HRS, the workers' compensation law as an alternative to proof of insurance;
- (3) Repeals outdated provisions of automatic licensure of pest control operators and fumigators;
- (4) Allows a licensee to place a license on "inactive" status;
- (5) Clarifies certain disciplinary sanctions;
- (6) Exempts engineers or architects under certain conditions from chapter 460J, HRS; and
- (7) Makes housekeeping amendments to chapter 460J, HRS.

Your Committee received testimony in favor of this bill from the Board of Pest Control, the Board of Professional Engineers, Architects, Surveyors, and Landscape Architects, and the Hawaii Pest Control Association, with proposed amendments.

Your Committee finds that, currently, pest control operators can repair structural damage due to termites without being a licensed contractor. The intent of the law is to allow pest control operators to do only minor repairs without the need to obtain a contractor's license, and the exemption should be repealed because chapter 444, HRS, already provides that repairs of less than \$1,000 do not require a contractor's license.

Your Committee further finds that to obtain a pest control operator's license an applicant must submit proof of workers' compensation insurance or authorization to act as a self-insurer, and this bill will allow the applicant to provide proof of exclusion from the requirements of chapter 386, HRS, as an alternative.

Your Committee supports the intent of this bill and has amended section 469J-26, HRS, to incorporate the concerns expressed by the Hawaii Pest Control Association regarding the exemptions for engineers and architects.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1515, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1515, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 795 Commerce, Consumer Protection, and Information Technology on S.B. No. 1553

The purpose of this bill is to exempt extended care adult residential care homes and assisted living facilities from the state health planning and development agency's (SHPDA) certificate of need requirements.

Your Committee received written testimony in support of this measure from the Department of Human Services and SHPDA, with proposed amendments to define "extended care adult residential care home" and "assisted living facility". Support for these amendments were received from the Queen Emma Foundation, the Assisted Living Options Task Force, and the Hawaii Nurses' Association.

Your Committee finds that the proposed amendments strengthen the intent of the bill, and all parties testifying are in agreement that these definitions are necessary and appropriate. Accordingly, your Committee has incorporated these definitions into the bill.

Your Committee also believes that there should be oversight by a registered nurse case manager when nursing facility level patients are being cared for in extended care adult residential care homes, and has added a provision that these facilities shall be licensed in accordance with rules adopted by the Department of Health. Your Committee expects the Department to develop rules to adequately address the concern with oversight.

Your Committee is in support of the intent of this measure and believes it will encourage growth of these much needed facilities, while continuing to provide for the safety and quality of care of patients.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1553, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1553, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 796 Commerce, Consumer Protection, and Information Technology on S.B. No. 1692

The purpose of this bill is to amend chapter 269, Hawaii Revised Statutes (HRS) to:

- (1) Add a definition of "qualifying facilities";
- (2) Establish a 120-day deadline for the Public Utilities Commission (PUC) to make a decision on the rate and/or terms of the sale of electricity from a qualifying facility to a public utility when they fail to reach agreement within 75 days after the offer; and
- (3) Provide that if the PUC does not make a decision within 120 days, the rate and/or terms shall be automatically approved.

Your Committee received testimony in support of this measure from Waimana Enterprises, Inc. and Kawaihae Cogeneration Partners. The Public Utilities Commission (PUC) and Hawaiian Electric Company submitted testimony in opposition. The Consumer Advocate submitted comments.

Your Committee finds that House Concurrent Resolution No. 32, 1994, requested the PUC to initiate rulemaking proceedings to amend section 6-74-15(c), Hawaii Administrative Rules, in order to encourage the efficient use of energy and the protection of the environment. The intent of this bill is to follow up on the resolution and to provide guidance to the PUC regarding negotiations between public electrical utilities and qualifying facilities.

Your Committee is sympathetic to the frustrations of the qualifying facility testifying on behalf of this measure. However, your Committee is also concerned that the 120-day period may be too short, and that the proposed default provision in section 269-27.2(c), HRS, could be very expensive to consumers.

Your Committee has amended the bill to:

- (1) Change 120 days to one year;
- (2) Delete the default provision;
- (3) Add a provision that the PUC could extend the time for decision-making in cases where the next unit of generation is to be selected through a competitive bid process that involves more than the utility and qualifying facility options; and
- (4) Make technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1692, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1692, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 797 Commerce, Consumer Protection, and Information Technology on S.B. No. 1812

The purpose of this bill, as received, is to provide much demanded and much needed amendments to the motor vehicle insurance law to reduce insurance premiums and to preserve adequate protection of the rights of drivers.

The purpose of this bill, as amended, is to revise the no-fault insurance law by renaming no-fault policy to motor vehicle insurance policy and by renaming no-fault benefits to personal injury protection benefits, and to make other systemic changes to the system of motor vehicle accident reparations system.

Your Committee received testimony in support of this bill from the Hawaii Insurers Council, State Farm Insurance Companies (to many of the provisions), GEICO Insurance, Hawaii Independent Insurance Agents Association, and the National Association of Independent Insurers. Testimony that costs should not be shifted to the employer was received from the Chamber of Commerce of Hawaii, Maui Chamber of Commerce, Legislative Information Services of Hawaii, National Federation of Independent Business/Hawaii, Small Business Hawaii, and several small business owners. Testimony of the State Insurance Commissioner was in favor of many of the concepts of the bill and with major concerns on several components of the bill. Testimony in favor of the bill but with recommendation as to the priority of coverage was received from CATRALA-HAWAII (car rental association). Testimony in favor of some provisions and against others was received from the Consumer Lawyers of Hawaii. Testimony against this bill was received from the American Association of Retired Persons and numerous attorneys. Offering comments on the bill was the Hawaii State Chiropractic Association. Testimony opposing the preferred provider program was received from the Society of Collision Repair Specialists, and testimony in favor of it and of the original manufacturer parts was received from the Auto Body and Painting Association.

Your Committee finds that the current system of no-fault insurance is incapable of containing the high cost of automobile insurance premiums. The medical-rehabilitative limit, the generosity of no-fault benefits, and the high minimum bodily injury coverage, among many other factors, contribute significantly to the inadequacy of the no-fault system to reduce bodily injury liability claims, as originally envisioned in its enactment in 1973. Thus, your Committee believes that the entire no-fault system must be reformed and overhauled to produce a workable, inexpensive, and fair system of motor vehicle insurance.

Your Committee has carefully examined legislative efforts in the past two years to provide broad sweeping changes to the system. Your Committee is not convinced that either a pure no-fault system or a liability system is in the best interests of Hawaii's drivers. Instead, your Committee has taken an approach to fix the system by modifying or repealing its most critical defects. This is not another tinkering with the system. Your Committee has undertaken full scale changes which it feels will yield a significant reduction in premiums, control litigation, and provide adequate medical coverage without a cost shift to businesses and employers.

Your Committee has been very sensitive to the valid concerns of the business community that there be no cost shifting of personal injury protection benefits to prepaid health coverage. Your Committee has therefore retained personal injury protection benefits within the motor vehicle insurance policy.

Your Committee has deleted the current medical-rehabilitative limit or no-fault threshold in favor of a verbal threshold. Your Committee finds that a monetary threshold limit actually serves to encourage excessive treatment of injuries in the hopes of reaching that dollar amount to allow a right to sue. Your Committee has crafted a verbal threshold language based on the current law and adding other language from the most efficacious models of other verbal threshold states.

Your Committee has amended this bill by:

- (1) Deleting new sections providing for disclosure of settlement amounts to the court; reduction of award (collateral indemnity); and limits on general damages;
- (2) Adding new sections for fraud violation; unfair or deceptive acts by attorneys and providers of services; group insurance plans; limitation on insurer's liability for managed care providers; and reasonable attorneys fees;
- (3) Changing references from "no-fault benefits" to "personal injury protection benefits" and from "no-fault policy" to "motor vehicle insurance policy";
- (4) Clarifying provisions for preferred repair providers and like kind and quality parts to allow more protection to the vehicle owner and to allow adequate competition in the market among repair providers;
- (5) Providing that the comptroller may settle a claim for up to \$15,000 without review by the attorney general instead of a claim for an amount within the medical-rehabilitative limit;
- (6) Deleting monthly earnings loss from the definitions since this is no longer necessary;
- (7) Adding chiropractic care to allowable personal injury protection benefits;
- (8) Requiring that personal injury protection (PIP) benefits be tied to prepaid health care benefits for purposes of describing coverages only:
 - (A) PIP benefits to be those used by the predominantly used prepaid health care plan;
 - (B) Excluding from coverage non-related treatments for such things as well-baby care visits and the like;
 - (C) Including chiropractic treatments; and
 - (D) Charges and frequency of treatment are tied into workers' compensation schedules;
- (9) Clarifying that substitute services must be reasonably related to the effects of the injury;
- (10) Adding back attorneys fees and costs to PIP benefits for claimants making a claim for benefits denied;
- (11) Allowing insurers to offer additional coverage in excess of the \$20,000 coverage for PIP benefits;
- (12) Requiring personal injury protection limits of \$20,000 instead of \$5,000;
- (13) Providing an amnesty period of two years;
- (14) Requiring bodily injury liability coverage of \$25,000 instead of \$15,000 per person with an aggregate limit of \$50,000 instead of \$60,000 per accident;
- (15) Clarifying that the wage loss option is for payments for a maximum of two years at 85 percent of the net wage loss after taxes;
- (16) Deleting the option for chiropractic coverage since this is now part of the required personal injury protection benefits;
- (17) Requiring an insurer to fully disclose the availability of all required and optional coverages and deductibles, including the nature and amounts, instead of just the deductibles, at the issuance or delivery of the policy, including the effect on premium rates and savings of each option or deductible, and including:
 - (A) Option to provide PIP benefits through managed care providers;
 - (B) Option for deductibles and coinsurance arrangements;
 - (C) Excluding from deductibles and coinsurance emergency care treatments within the first 24 hours after an accident;
 - (D) Providing that the agreement between an insurer and an insured as to managed care providers shall be voluntary; and
 - (E) Requiring an insurer furnishing PIP benefits through managed care providers demonstrate the savings in rate filings;
- (18) Allowing insurers to offer optional first-party coverage for pain and suffering, without regard to fault;

- (19) Enacting a new verbal threshold provision to limit tort liability to death, permanent and serious loss of use of an important part or an important function of the body, or serious and permanent disfigurement, and clarifying liability for soft tissue injuries;
- (20) Adding three new definitions for "economic loss," "noneconomic loss," and "uncompensated economic loss" for purposes of the verbal threshold;
- (21) Allowing lawsuits in cases of death or injury involving driving while under the influence of alcohol or drugs;
- (22) Allowing insurers a subrogation right to 100 percent of the personal injury protection benefits paid;
- (23) Applying the same verbal threshold to motorcycles;
- (24) Restoring the collateral sources provision, section 663-10, Hawaii Revised Statutes;
- (25) Changing all references in the transitional section from October 1, 1997, to December 1, 1997;
- (26) Adding that all rate reductions are to also reflect the provisions of Act 234, Session Laws of Hawaii 1995; and
- (27) Deleting provisions relating to the auditor study of rates.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1812, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1812, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 798 Commerce, Consumer Protection, and Information Technology on S.B. No. 1862

The purpose of this bill is to amend chapter 269, Hawaii Revised Statutes (HRS), to suspend rate increases under certain circumstances.

The bill applies when the public utilities commission (PUC) has previously approved extraordinary rate increases as a result of natural disasters in a county with a population of not more than 100,000 people. The bill prohibits the PUC from granting any requests for rate or other increases for three years, except requests to recover the increased costs of fuel, and the costs of integrated resource planning and demand-side management programs through a surcharge.

The bill does not apply to requests pending before the PUC upon approval of the Act and excepts cases of extraordinary occurrence during the three-year period.

Your Committee received written testimony in support of the intent of this measure from the Consumer Advocate. Kauai Electric Division of Citizens Utilities Company submitted written testimony in opposition.

Your Committee finds that Kauai continues to recover slowly from the effects of Hurricane Iniki, and that since the storm struck in 1992 the average residential electric bill on the island has jumped 38 percent.

Your Committee is sympathetic to the economic difficulties of Kauai and believes that the moratorium imposed by the bill is fair to the utility company. At the suggestion of the Consumer Advocate, your Committee has amended the bill to remove the reference to "extraordinary" with respect to previously approved rate increases and to redefine "extraordinary occurrence" because the term "extraordinary" has a specific and narrow meaning in utility regulation. Your Committee also has added a provision which would repeal this Act three years after its approval.

Your Committee does have concerns about the impact of measures such as this bill, however, and notes that Kauai is not the only region in the State suffering from economic problems. In addition, some members of your Committee believe there is a broader issue of utility rates, particularly as their impact on consumers varies widely in different areas of the State. Your Committee believes this broader issue should be addressed if Hawaii's citizens are to receive equitable benefits.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1862, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1862, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 799 Ways and Means on S.B. No. 1472

The purpose of this bill, as received, is to revise the method of distributing transient accommodations taxes (TAT), and to distribute traffic fines and forfeitures, and part of the public service company tax to the counties.

Your Committee received testimony in support of this bill from AT&T, GTE Hawaiian Tel, and the Hawaii Hotel Association. Your Committee received testimony in opposition to this bill from the state Department of Budget and Finance, the Mayor of Maui County, the Chairperson of the Maui County Council, the Chairperson of the Kauai County Council, a member of the Hawaii County Council, the City and County of Honolulu Department of Budget, and the Hawaii County Department of Finance. Your Committee also received comments from the Judiciary and the Tax Foundation of Hawaii.

Your Committee finds that the Convention Center's expenses cannot be covered by the State under the current TAT distribution scheme. Increased funding must be secured to cover the Center's expenses during the intervening period.

Your Committee has amended this measure by deleting all existing language, except that dealing with the distribution of the TAT. Your Committee has provided with respect thereto, that for a period of two years, the five percent of TAT retained by the State under current law shall be deposited into the convention center capital and operations special fund, along with TAT revenues currently earmarked for that purpose.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1472, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1472, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 800 Ways and Means on S.B. No. 146

The purpose of this bill is to provide for the taxation of resort time share vacation units through a transient occupancy tax.

Your Committee received testimony in support of this bill from the Office of the Mayor, County of Maui, Hawaii Hotel Association, Maui Hotel Association, Trilogy Excursions, Activity Owners Association of Hawaii, ILWU Local 142, and an individual. Testimony opposed to the bill was received from Dwyer Imanaka Schraff Kudo Meyer & Fujimoto, Hilton Grand Vacations Company, The Bay Club, The Cliffs at Princeville, Lawai Beach Resort, Kona Coast Resort Phase II Interval Owners Association, All Islands Timeshare Resales, Amfac/JMB Hawaii, and four individuals. Testimony was submitted providing information by the Department of Taxation, Tax Foundation of Hawaii, Office of the Mayor, Kauai, and McCorriston Miho Miller Mukai.

Your Committee understands the concerns of the time share owners in being taxed; no one likes to incur increased expenses. Your Committee, however, finds that the constitutional concerns of the time share industry are not well considered. Your Committee finds that the equal protection arguments have been answered in the findings section of the bill.

The latest argument presented by the resort time share industry concerns statements that the constitution forbids burdening interstate commerce and the bill is therefore unconstitutional. Your Committee finds that it is a well known principle of law that interstate commerce can be burdened under appropriate circumstances. This bill must be judged on its practical effect rather than its formal language. The practical effect under the four-prong test of Complete Auto Transit, Inc. v. Brady, 430 U.S. 274 (1977) is that this bill is not discriminatory under the commerce clause of the U.S. Constitution.

In Complete Auto, a Michigan corporation was engaged in the business of transporting vehicles from a train station to the dealer's site. The state of Mississippi assessed a sales tax on the transportation services. The corporation claimed that interstate commerce was affected and the taxation was unconstitutional. The U.S. Supreme Court upheld the tax. In doing so it applied a four-prong test: (1) was the tax applied to an activity with substantial nexus with the taxing state, (2) was the tax fairly apportioned, (3) did the tax discriminate against interstate commerce, and (4) was the tax fairly related to the services provided by the state.

Your Committee finds that tax in this bill has nexus because it will be applied to resort time share vacation use plan activity which occurs wholly in Hawaii. Second, the tax is fairly apportioned because it only taxes resort time share vacation use plan activity which occurs wholly within Hawaii. Third, the tax does not discriminate because it taxes all resort time share vacation use plan occupants regardless of whether the occupants are residents or nonresidents. Finally, the tax is fairly related to the services provided by the State. Resort time share vacation use plan occupants, like hotel room occupants, enjoy the benefits and protections of government services and should carry their fair share of these costs.

Your Committee finds that the tax structure in this bill is based on the total general excise and transient accommodations taxes paid by hotels. This amounts to 10.14 per cent. If the average one room hotel unit is charged \$120 a day, the combined tax would be a little over \$12. In a similar manner, the tax under this bill on a studio resort time share vacation use plan unit is \$12. The more rooms in a hotel unit a guest obtains, the more the cost of the room and the more taxes paid. In a similar manner, the tax in this bill increases with the number of rooms in a resort time share vacation use plan unit.

Representations have been made to your Committee that this tax would have a negative effect on the resort time share industry. On the other hand, newspaper articles have been submitted that indicate that there are ten people waiting in line to exchange one resort time share week. Your Committee does not believe that this bill will have much of a negative effect on the industry.

Your Committee has amended the bill by providing an income tax credit for Hawaii residents who occupy their time share vacation unit.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 146, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 146, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Kawamoto).

SCRep. 801 (Majority) Ways and Means on S.B. No. 927

The purpose of this bill is to change the rate of the tobacco and cigarette tax to an unspecified amount.

Your Committee received testimony in favor of the measure from the Department of Taxation, the Department of Health, the Hawaii Medical Association, and the American Heart Association. Testimony in opposition was received from the Tobacco Institute and one individual. Informational testimony was received from the Tax Foundation of Hawaii.

Your Committee's concerns reflect the testimony received and are focused on two major themes. One is the public health implications of a decrease in smoking due to higher taxes imposed on cigarettes and other tobacco products, and the other is an increase in revenues to the State.

Your Committee finds that there is no argument that making cigarettes unattainable to children is in the best interest of the State. Making cigarettes unaffordable to youngsters by increasing the price through a cigarette tax increase will go a long way toward accomplishing that goal. Additionally, while the ranks of smokers may decrease due to a tax rate increase, it is likely that the overall effect would still result in an increase in revenues to the State. Increasing the rate of tobacco and cigarette taxes would provide needed additional resources to the state treasury.

Your Committee has amended this bill to identify the specific rates for increase. Taxes on cigarettes are increased from 3 cents per cigarette to 5.5 cents per cigarette. The tax rate for tobacco products, which includes cigars, is increased from forty per cent to fifty per cent of the wholesale price of each article.

Your Committee has also amended this bill by repealing the additional increase pending an act of Congress that requires military installations to purchase cigarettes in Hawaii. This provision was enacted by Act 220, Session Laws of Hawaii 1993, in anticipation of federal legislation that did not materialize, and your Committee finds it appropriate to repeal the provision at this time.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 927, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 927, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, 2 (Tam, Anderson). Excused, none.

SCRep. 802 Ways and Means on S.B. No. 1699

The purpose of this bill is to increase the general excise tax rate on class 5 liquor licensees from four percent to ten percent of gross income or proceeds.

Your Committee received favorable testimony from the Holiday Mart Neighborhood Association on the extra societal costs and burdens of increased traffic, noise, crime, and litter which often occur in areas in which cabarets and hostess bars are located. The Department of Taxation also submitted comments estimating that the increased tax on class 5 licensees would result in a \$3.1 million revenue gain and expressing reservations on the implementation of this measure.

Your Committee finds that these types of establishments are often associated with increased social costs, and that a rational basis exists for imposing a higher rate of tax on activities that increase societal costs and burdens. Your Committee has amended the bill to include class 11 liquor licensees.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1699, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1699, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 803 Ways and Means on S.B. No. 936

The purpose of this bill is to impose a four per cent use tax on services and a one-half per cent use tax on intermediary services which are imported or purchased from an unlicensed seller or unlicensed contractor for use in the State.

Your Committee received testimony in opposition to the measure from the Director of Taxation. Informational testimony was received from the Tax Foundation of Hawaii.

The intent of this bill is to adopt the use tax recommendation from the Report of the 1995-1997 Tax Review Commission which recommended that services purchased from an out-of-state service provider be subject to a use tax payable by the Hawaii purchaser of the service. After due consideration, your Committee finds that some manner of raising revenue should be considered during this difficult financial period. A new tax of this kind may very well be a step towards that goal.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 936 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Tam).

SCRep. 804 Ways and Means on S.B. No. 147

The purpose of this bill is to alleviate the pyramiding of the general excise tax on real property lease transactions.

Your Committee received testimony in support from the Department of Taxation, Chamber of Commerce of Hawaii, Hawaii Association of Realtors, National Association of Industrial and Office Properties, National Federation of Independent Businesses,

Land Use Research Foundation of Hawaii, Hawaii State Bar Association (Tax Section), Institute of Real Estate Management, Hawaii Society of Certified Public Accountants (Tax Committee), and a private citizen. The Tax Foundation of Hawaii submitted information on this bill.

Your Committee finds that this bill solves a long-time structural problem concerning the application of the general excise tax in multiple leasing situations. Where there is a lessor, a first sublessee, a second sublessee, and a third sublessee, the third sublessee pays the general excise tax on all previous sublessees and the lessor resulting in an imposition of twelve per cent on the final sublessee. All of this tax is then passed on to the consumer.

This bill provides that multiple taxation of the same gross proceeds will not occur. Each sublessee may deduct an amount not to exceed what the sublessee pays to the lessor in rent. This will alleviate a structural and pervasive general excise tax problem in Hawaii.

This bill should have a widespread beneficial impact upon Hawaii's economy. Your Committee believes that any money saved in general excise tax relief through this bill will boost family discretionary spending in Hawaii or in assisting in business growth. This spending will return to the State in tax revenues, thus reducing or eliminating any revenue loss from this bill.

Your Committee amended section 237- (f) in section 2 of the bill to address issues raised by the Department of Taxation concerning the ability of fiscal year taxpayers to claim their deduction.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 147, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 147, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 805 (Majority) Ways and Means on S.B. No. 932

The purpose of this bill is to provide that wholesale services are taxed under the general excise tax at the one-half percent rate.

Your Committee received testimony in support of this bill from the National Federation of Independent Business. Testimony was received in opposition from the Department of Taxation and Outrigger Hotels. The Tax Foundation of Hawaii submitted information on the bill.

Your Committee supports this bill as a method of further alleviating the pyramiding of the general excise tax. The problem of wholesaling services and the appropriate tax treatment has been around for more than thirty years. Addressing it is long overdue.

Your Committee has amended this bill to address the concerns raised during the public hearing by clearly providing that a taxpayer who obtains services for a customer from another person licensed under the general excise tax law that pays four percent on the service provided to the taxpayer may claim a deduction under this bill. The services provided to the taxpayer become an essential part of the services provided to the customer. An essential part has been defined as separate from, incorporated in, or a part of the services furnished.

In order to address the anticipated revenue loss the bill has phased the treatment from a preferred tax rate of one-half percent to a deduction from gross proceeds or gross income over a seven-year period. Since one-half percent is one eighth (twelve and one-half percent) of four percent, the deduction is phased in one-eighth increments per year.

The amended bill provides that this deduction applies to service businesses including professional services but does not include any service business falling into the current intermediary service provisions of the law. This exception avoids a resultant tax increase to intermediary service providers that are already taxed at one-half percent.

The bill provides that where a business activity includes the production or sale of tangible personal property, contracting, or retailing and the sale of services, the services may not be severed from those activities and allowed the deduction under this bill. This is to prevent a repairperson from making a repair by substituting a part (tangible personal property) for another part and then charging four percent for the part and services and taking the deduction under this bill. These are not the type of services or transactions addressed under this bill. This bill also will not apply to sales representatives who facilitate the transfer of tangible personal property from one business to another. The sales representative in this instance works on commission and does not add or provide a service that is resold.

This bill does address instances when services are obtained by one taxpayer and resold to a customer. An example would be an accountant who was asked by a customer to provide a review of a business' accounts and to submit accompanying charts. The accountant may then ask another person to make the charts which the accountant is required to furnish. That person furnishes the charts and the person must pay the four percent general excise tax on the person's charge to the accountant. The accountant will then furnish the accountant's work product to the customer and the charts. Under this bill the accountant may take a deduction from the accountant's gross income equal to the value of the charts as phased in under this bill.

Finally, your Committee has added a provision requiring the Department of Taxation to provide language to the regular session of 2002 providing for the treatment of wholesale service at the one-half percent rate. By that time, your Committee believes that experience with this deduction and the types of transactions involved will allow the department to draft the appropriate language.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 932, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 932, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, 1 (Kawamoto). Excused, 2 (Iwase, Tam).

SCRep. 806 (Majority) Ways and Means on S.B. No. 934

The purpose of this bill is to exempt exported services from the general excise tax.

Your Committee received testimony from the Department of Taxation and the Department of Business, Economic Development, and Tourism supporting the intent, and the National Federation of Independent Business and the AIA Hawaii State Council in support. The Tax Foundation of Hawaii submitted information on the bill.

In exempting exported services, this bill would provide parity with the exemption provided manufacturers. Your Committee finds that competing on the mainland or internationally while paying the general excise tax on services places Hawaii businesses at a disadvantage.

Your Committee finds that this bill would assist Hawaii businesses and may result in a better economy as dollars are brought into Hawaii. Your Committee notes that other bills would limit the exemption provided in this bill to certain categories of professionals. Your Committee believes that such a limitation raises the specter of violating the equal protection provision of the constitution, and that the State needs the broader exemption found in this bill.

Your Committee has amended this bill by requiring the Director of Taxation to provide an exported services schedule to accompany the annual general excise tax return. The schedule will provide the legislature with information to evaluate this exemption by providing information on the type of services exported, whether exported to other states or internationally, and the total dollar amount exempted. The report on the information is to be submitted to the legislature before the regular session of 2002. A five-year drop dead provision has been added to provide review of this exemption in line with the recommendations of the Tax Review Commission regarding review or termination of exemptions.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 934, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 934, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, 1 (Kawamoto). Excused, 2 (Iwase, Tam).

SCRep. 807 Ways and Means on S.B. No. 498

The purpose of this bill is to exempt from the general excise tax for up to five taxable years newly-created businesses if unstated monetary amounts are invested in the new business.

Testimony was received in opposition from the Department of Taxation. The Tax Foundation of Hawaii submitted information on the bill.

Your Committee finds that new businesses must be encouraged to come to Hawaii. Not only will these new businesses diversify Hawaii's economy but at this time they will provide an economic stimulus. In the current economic doldrums, Hawaii needs any investment it can obtain.

Your Committee finds that there is no tax loss, since none of the businesses that could qualify under this bill are presently in the State paying taxes. At the end of the exemption provided by this bill, your Committee hopes that the businesses will stay in Hawaii and contribute to the economy of the State.

Your Committee has amended the bill by inserting the appropriate investment amounts from \$1 million to \$10 million. The exemption has been limited to four years and new activity of existing businesses has been deleted. Newly created business has been defined to mean a business that has not done business in Hawaii during the five years preceding the taking of the exemption. Conforming technical, nonsubstantive amendments were made.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 498, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 498, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Levin).

SCRep. 808 Ways and Means on S.B. No. 843

The purpose of this bill is to provide a small business tax credit.

The credit would be against net income tax liability in an amount equal to the guaranty fee paid to obtain United States Small Business Administration (SBA) guaranteed financing, subject to an unspecified maximum amount in any one taxable year.

Your Committee finds that the Small Business Administration's major lending program, the so-called "7(a) loan guaranty program", is designed to encourage banks to make loans to small businesses that do not meet the bank's normal lending guidelines. By offering the SBA guaranty, the credit concerns of the bank are mitigated and the small business person is able to obtain the necessary financing.

To obtain an SBA guaranteed loan, the lender is required to pay a guaranty fee to the SBA. The SBA allows the lender to recover the fee by passing it on to the borrower. The fee is based on the guaranteed amount of the loan and is set on a graduated scale beginning at two per cent, increasing to 3 7/8 per cent for loans where the guaranteed amount exceeds \$500,000.

According to SBA statistics, the total amount of guaranty fees charged to SBA borrowers in Hawaii during fiscal year 1995 was \$285,035. In fiscal year 1996, the guaranty fees totalled \$243,884. For the first six months of fiscal year 1997, the fees totalled \$195,624.

Your Committee finds that, based upon the experience of Rhode Island to date, the tax credit proposed in this measure may help to stimulate the economy by creating new jobs and increasing the availability of and access to capital for small businesses.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 843, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Ige, M., Iwase, Taniguchi, Anderson).

SCRep. 809 Ways and Means on S.B. No. 635

The purpose of this bill is to defer the payment of general excise taxes by certain businesses.

Specifically, this bill targets those businesses that are struggling to recover from natural disasters, have been economically dislocated due to industrial downsizing, or those located in counties with an unemployment rate of ten per cent or higher.

The deferment plan allows an eligible business to elect to defer payment of general excise tax due for eighteen months. The deferred general excise taxes are due during the second eighteen-month period. General excise taxes due in the second eighteen-month period are due in the third eighteen-month period in addition to any general excise tax due regularly in the third eighteen-month period. No interest or penalties accrue on the deferred taxes, as long as the taxes are paid as designated in this bill. The taxpayers are still required to file all general excise tax returns on a timely basis despite the election to defer payment.

This bill provides temporary relief in the form of a tax deferment to those businesses that have yet to recover from Hurricane Iniki, as well as those businesses that have suffered from industrial downsizing and as a result have been economically dislocated. Additionally, this bill provides temporary relief to businesses operating in counties with the highest unemployment rates, which are precisely the counties that require economic stimulus. Your Committee finds that providing assistance to these companies is critical to the survival of some of these businesses, which in turn is essential to the economy of the State.

Your Committee also recognizes that in the interest of the State's economy, the deferral of payment of general excise tax liability should be limited to smaller businesses that may not have access to the type of capital or resources that a larger business may have. Accordingly, your Committee has amended this bill to limit the businesses eligible to elect to defer general excise taxes to those having gross receipts, gross income, or gross proceeds of sale that do not exceed \$1,000,000.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 635, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 635, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Tanaka).

SCRep. 810 Ways and Means on S.B. No. 207

The purpose of this bill is to exempt the sale of liquor shipped out-of-state from the liquor tax.

Your Committee received testimony in favor of the measure from the Director of Taxation and the Wholesale Liquor Dealers Association. No testimony was received in opposition to the measure. Informational testimony was received from The Tax Foundation of Hawaii.

Your Committee finds that this bill is consistent with the existing general excise tax exemption for goods exported out-of-state, and that revenue loss resulting from this bill will be nominal. Your Committee further finds that the exemption provided by this bill may help to make the liquor industry in Hawaii more competitive with those in other states, and may assist many local wineries and breweries that are struggling to survive in the State.

Upon further consideration, your Committee has amended the bill to make technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 207, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 207, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, none. Excused, 3 (Ige, M., Levin, Tam).

SCRep. 811 Ways and Means on S.B. No. 1012

The purpose of this bill is to expand the income-splitting provision under current law allowed for tourism related services under section 237-18(f), Hawaii Revised Statutes. The bill would extend the provision for goods, as well as for services, and for destination managers, as well as travel agencies and tour packagers.

The bill further expands the definition of tourism related items to include goods, as well as services, and to specifically include banquets, entertainment, cultural and educational activities, and other goods and services customarily included in travel, convention, or vacation packages.

Your Committee finds that this measure is intended to clarify the provisions relating to the taxation of tourism related services where the services are sold through a destination manager, as well as travel agency or tour packager and the gross income is divided between the actual provider of the services and the travel agency, tour packager, or destination manager. It appears that the Department of Taxation has taken a strict interpretation of current law and determined that it does not apply to a "destination manager", even though destination managers may in fact act in a similar manner and capacity as travel agents and tour packagers.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1012 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Ige, M., Iwase, Taniguchi, Anderson).

SCRep. 812 Ways and Means on S.B. No. 1951

The purpose of this bill is to repeal the sunset date for the general excise tax exemption for stock and commodities exchanges which is set to expire on June 30, 2000.

Your Committee finds that Act 295, Session Laws of Hawaii 1988, established the general excise tax exemption for stock exchanges to sunset on June 30, 1989. The exemption was approved to lure established stock or commodities exchanges to set up trading and order processing facilities to take advantage of time differences between the mainland U.S. and Asian markets. It has been extended several times to its current sunset date of June 30, 2000, even though it has never been utilized. Your Committee has been informed that the Department of Commerce and Consumer Affairs has received serious inquiries regarding the establishment of a stock exchange or facility in Hawaii. Thus, the elimination of the sunset provision, which makes the exemption permanent, would be a further enticement for stock exchange companies to locate in Hawaii and in turn to contribute to the healing of Hawaii's ailing economy.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1951 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Ige, M., Iwase, Taniguchi, Anderson).

SCRep. 813 Ways and Means on S.B. No. 59

The purpose of this bill is to allow an income tax deduction for entertainment and related expenses for business purposes in an amount not exceeding eighty percent of the meal and entertainment expenses.

Your Committee received testimony in support of this bill from the Chamber of Commerce of Hawaii, Hawaii Business League, Hawaii Operating Engineers Industry Stabilization Fund, and two private individuals. The Department of Taxation submitted testimony in opposition to this bill. The Tax Foundation of Hawaii submitted comments on the bill.

Your Committee believes that increasing the tax deduction for entertainment expenses to eighty percent from fifty percent would encourage spending on meals and entertainment in connection with business, which would improve the State's economy by the multiplier effect of spending in general and improve the income of restaurants and hotels in particular.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 59 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 814 Ways and Means on S.B. No. 1316

The purpose of this bill is to amend the state income tax law, chapter 235, Hawaii Revised Statutes (HRS), to conform to the federal Internal Revenue Code (IRC).

Your Committee received favorable testimony from the Department of Taxation, and the Hawaii Banking Association. The Tax Foundation submitted testimony analyzing the bill.

Your Committee amended this bill to:

- (1) Incorporate the suggestion by the Hawaii Banking Association that section 584 of the IRC, regarding common trust funds be operative for purposes of chapter 235, HRS;
- (2) Incorporate the suggestion of the Tax Foundation that section 529, IRC, regarding prepaid state tuition programs, and section 213, IRC, regarding medical and dental costs be fully operative for purposes of chapter 235, HRS;
- (3) Incorporate the further suggestion that section 220, IRC, regarding medical services accounts, be operative for the purposes of chapter 235, HRS, but only with respect to those accounts approved by the federal Secretary of the Treasury;
- (4) Amend section 3 of the bill to indicate that section 235-122(a), HRS, was the HRS subsection being amended;
- (5) Splitting section 235-2.4, HRS, into two sections to facilitate treatment in the future, as was done in Act 19, Session Laws of Hawaii 1985; and

- (6) Make technical, nonsubstantive changes for purposes of clarity and style.

Your Committee notes that by conforming with changes made by Congress during 1996, Hawaii will allow the deductibility of long-term care expenses and insurance costs greatly needed by our aging population. In addition, Hawaii will pick up the phase in deductibility of health insurance premiums by the self employed which will increase from thirty to forty percent in 1997 and increase to eighty percent in 2006.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1316, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1316, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 815 (Majority) Ways and Means on S.B. No. 1919

The purpose of this bill is to appropriate funds to establish a permanent public access program at the State Capitol and to provide for equal access to legislative broadcasts throughout the State.

Your Committee finds that over the last ten years, public expectations of the State Legislature have changed. In particular, citizens have come to expect elected officials to increase community involvement in their deliberative processes. Citizens, including those residing in remote areas of the State, now demand to know more about what their Legislature is doing.

Your Committee also finds that on Oahu, legislative proceedings are broadcasted at times when most residents are able to view them. However, currently neighbor island residents can view legislative broadcasts only at late night hours, starting at 11:00 p.m., because the public access stations do not have the equipment to tape and replay the legislative proceedings during reasonable hours. The bill remedies this inequity by providing equal access to legislative broadcasts for all citizens in our State by providing grants to: Ho'iike Kauai; Akaku: Maui community television; and Na Leo 'O Hawai'i.

Your Committee has amended the bill by adding provisions that:

- (1) Appropriate funds to replace the Legislature's existing computer information system;
- (2) Require the Legislative Analyst to examine the State's financial management practices and its auditing system every two years; and
- (3) Repeal the requirement that the Auditor transmit an analysis to the Legislature thirty days prior to the adjournment of each legislative session on the probable effects of each bill proposing the establishment of a new special or revolving fund and transfers that responsibility to the Legislative Analyst.

Your Committee finds that during its annual sixty-day session, the Legislature is expected to operate at peak efficiency. While the Legislature meets only for a few months out of the year, voters still expect the Legislature to increase its effectiveness through sustained work between sessions, including budget preparation, execution, and review.

In light of these findings your Committee believes that it is necessary to improve its operations by:

- (1) Making permanent the legislative broadcast program, including funding for program operations;
- (2) Providing funding for equipment to enhance neighbor island viewer access;
- (3) Installing a new legislative computer information system; and
- (4) Adding responsibilities to the Office of the Legislative Analyst.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1919, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1919, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, 2 (Ige, M., Iwase). Excused, 1 (Kawamoto).

SCRep. 816 Ways and Means on S.B. No. 404

The purpose of this bill is to require quarterly and annual state financial reports summarizing state revenues, expenditures, assets, and liabilities, in a five-page format.

Your Committee received testimony in favor of the bill from the Democratic Party of Hawaii, and from the Department of Accounting and General Services (support with amendments).

Your Committee finds that the public is entitled to know the current fiscal condition of the State. While this information is available, it is not in a form readily comprehensible by the average resident. It is also not available on an expedited basis. This bill would make that information available within ten days after the end of each fiscal quarter and within twenty days after the close of each fiscal year.

Your Committee further finds that this bill will ensure that timely and understandable fiscal information is made available to the public to enhance citizen interest in how their state tax revenues are being expended.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 404 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 817 (Majority) Ways and Means on S.B. No. 799

The purpose of this bill is to change the dates on which the Council on Revenues is required to submit its estimates of state revenue to the Governor and the Legislature.

Specifically, this bill requires the Council on Revenues to submit its revenue estimates to the Governor and the Legislature each May 1 rather than June 1, August 11 rather than September 10, December 10 rather than January 10, and February 13 rather than March 15.

Your Committee received informational testimony from the Tax Foundation of Hawaii.

Your Committee has amended this bill to require the Council on Revenues to submit its revenue estimates to the Governor and the Legislature each June 1, September 10, February 10, and April 10.

Your Committee finds that the revised reporting schedule will provide the most current fiscal data available to the Legislature nearer to important legislative deadlines. Your Committee also finds that the Council is sensitive to major changes in the economy and will meet when the need arises.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 799, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 799, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, 1 (Ige, M.). Excused, none.

SCRep. 818 Ways and Means on S.B. No. 940

The purpose of this bill is to require the department of taxation to grant automatic extensions for filing of income tax returns in conformance with the Internal Revenue Code.

Testimony against the bill was received from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that the change made by this bill is a recommendation made by the Tax Review Commission in its 1995-1997 Tax Review Commission Report. Rather than the department have discretion over whether to grant a reasonable extension of time, the department will be required to grant the extensions of filing income tax returns in conformance with federal law.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 940 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Tam).

SCRep. 819 Ways and Means on S.B. No. 938

The purpose of this bill is to decrease the allowable standard deduction and personal exemption for nonresidents by a ratio of Hawaii gross income over federal gross income.

Your Committee received testimony from the Director of Taxation suggesting an amendment to the bill to conform to a similar provision in California. Informational testimony was received from The Tax Foundation of Hawaii.

Your Committee agrees with the intent of this bill, which seeks to implement one of the recommendations of the Hawaii Tax Review Commission. However, while your Committee supports the overall concept, it finds that a simpler approach could be used to achieve the same objective. Your Committee has accordingly amended the bill by deleting its contents and adding a new section to the income tax law to conform the bill to a similar provision in California.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 938, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 938, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Tam).

SCRep. 820 (Majority) Ways and Means on S.B. No. 1028

The purpose of this bill is to implement the Tax Review Commission's recommendations regarding the standard deduction, income tax brackets and rates, and the personal exemption under the income tax law.

Your Committee received testimony from the Department of Taxation agreeing in concept but pointing out the revenue loss of the bill as received by your Committee. Testimony in opposition was received from the League of Women Voters of Hawaii, the Democratic Party of Hawaii, the American Friends Service Committee and one individual resident. The Tax Foundation of Hawaii submitted information on the bill.

Your Committee finds that while most residents support lowering taxes, the modifications to the income brackets and tax rates, decreases in the standard deduction, and personal exemption in the present draft of this measure would drastically impact the State's ability to provide necessary services. Your Committee wishes to address the low income and middle income taxpayers while not depleting the state treasury. Your Committee believes that increasing the standard deduction is the right step to take at this point in time. It provides relief to both low and middle income people, without imposing unmanageable burdens on the state treasury.

Accordingly, your Committee has amended this bill by removing the sections that adjust the income tax brackets and rates and the personal exemption.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1028, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1028, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, 1 (Kawamoto). Excused, 2 (Iwase, Tam).

SCRep. 821 Ways and Means on S.B. No. 640

The purpose of this bill is to provide that the executive branch carry out legislative objectives, policies, priorities, and programs.

The bill defines budget provisions, popularly known as "provisos", that establish legislative objectives, policies, priorities, and programs. The bill provides that inability to carry out a budget provision due to constitutional or legal bar prohibits the agency from expending the money that the budget provision sets aside.

Your Committee received testimony from the Department of Education that had reservations and the Department of Budget and Finance against the bill.

Your Committee finds that year after year, departments report to the legislature that they did not carry out budget provisions because the governor or the director of finance did not allow them to or reduced their budget to such an extent they could not carry out the budget provisions. Your Committee notes that budget provisions establish the legislature's policies and that the legislature is the policy making branch of government. Choosing not to carry out a budget provision setting the legislature's priorities in favor of the executive branch's priorities, ignores the constitutional delegation of policy making to the legislature.

Your Committee finds that while budget provisions have long been utilized to require the executive branch to carry out the legislature's priorities, there is nothing in the Hawaii Revised Statutes concerning budget provisions. By setting forth budget provisions in statute and setting forth what they are and do should clarify their status.

Your Committee finds that it is time to redress the imbalance between the executive and legislative branches where the financial priorities of the legislature are concerned. Whenever an economic downturn occurs, the legislature's priorities appear to be negated by executive branch actions. Your Committee finds that this bill addresses that problem.

Your Committee has clarified that if a constitution or law prohibits execution of a budget provision, the amount of the money subject to the budget provision lapses into the general fund. Your Committee has made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 640, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 640, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 822 Ways and Means on S.B. No. 657

The purpose of this bill is to authorize the Joint Legislative Management Committee to manage the State Capitol building.

Your Committee received testimony in favor of this measure from Hawaii's Thousand Friends, and one individual. Testimony in opposition to this measure was received from the Department of Accounting and General Services.

Your Committee finds that the State Capitol is currently maintained and operated by the Department of Accounting and General Services. In light of the building's extensive use for legislative and executive operations, and increasing public access needs, your Committee believes that shared management of the building is now appropriate.

Your Committee has amended this bill by placing the management of the State Capitol under a newly-created Joint State Capitol Management Committee rather than the Joint Legislative Management Committee. The Joint State Capitol Management Committee is an agency in the legislative branch of government and will include members representing two chambers of the Legislature as well as the Executive Branch. The committee will take charge of all matters involving the policies and operations of the State Capitol. Your Committee has also provided for the appropriation of an unspecified amount to be expended by the Joint State Capitol Management Committee.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 657, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 657, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 823 Ways and Means on S.B. No. 1018

The purpose of this bill is to increase the solar energy systems tax credit from thirty-five per cent to fifty per cent, and to extend it for ten years.

Your Committee finds that the provision of tax credits to encourage the installation of renewable energy systems is consistent with the State's policy of fostering energy self-sufficiency and reducing dependence on imported oil. Moreover, these energy conservation income tax credits are an integral component of the public utilities commission's approved utility demand side management programs. The reduced customer energy use enables utilities to defer construction of additional powerplants, with the added benefit of saving ratepayers money. This is an important factor.

Your Committee also finds that the tax credits will help to stimulate the vitality and competitiveness of Hawaii's innovative renewable energy industry, thus boosting employment, increasing the diversity of the State's economic base, and reducing the amount of energy dollars leaving the State to purchase costly imported fossil fuel.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1018, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Ige, M., Iwase, Taniguchi, Anderson).

SCRep. 824 Ways and Means on S.B. No. 375

The purpose of this bill is to raise the solid waste disposal surcharge from 25 cents per ton to 35 cents per ton.

The surcharge is deposited in the Environmental Management Special Fund, which partially funds the Department of Health's Office of Solid Waste Management.

Your Committee finds that the transfer of fiscal responsibility of three general funded positions to the Environmental Management Special Fund in 1995, coupled with the less than expected revenue generation from the surcharge, the Office of Solid Waste Management has been unable to hire necessary staff.

Your Committee believes the increased surcharge will provide the Office of Solid Waste Management with the funds necessary to retain staff and adequately carry out its mandated duties.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 375 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 825 Ways and Means on S.B. No. 1082

The purpose of this bill is to authorize the Department of Health to utilize moneys in the Environmental Response Revolving Fund to clean up oil as well as non-oil releases.

Your Committee finds that the Environmental Response Revolving Fund under the state Department of Health contains accounts to address the costs of cleaning up oil and non-oil releases. While the account for oil releases exhibits a substantial balance, the non-oil account is currently in danger of becoming depleted. Once the non-oil account is depleted, the Department will be required to cease all non-oil response activities. This bill will enable the Department to utilize moneys in the fund to respond to releases of all hazardous substances.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1082, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Anderson).

SCRep. 826 Ways and Means on S.B. No. 1581

The purpose of this bill is to expedite the clean up of contaminated sites in Hawaii.

Your Committee finds that the environmental response programs within the Department of Health are currently understaffed, making investigations and remedial efforts extremely difficult. This bill establishes a process whereby a qualified person may apply to the department to participate in a voluntary clean up program by submitting an application and a processing fee. The department must then establish a site specific account to fund various specific clean up expenses. When the clean up is completed, the department must issue a letter of completion and return all remaining fund balances in the site specific account to the requesting party. Prospective purchasers who complete voluntary response actions as provided in this measure receive certain exemptions from future liability.

Your Committee believes that the bill will encourage developers and prospective purchasers to clean up properties, thereby putting the properties back into productive use. Additionally, the bill would allow other parties to clean up properties without government delays.

Your Committee has amended this bill by changing the sum appropriated to the environmental response revolving fund from \$100,000 to \$1.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1581, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1581, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Anderson).

SCRep. 827 Ways and Means on S.B. No. 1089

The purpose of this bill is to establish the Endangered Species Recovery Act for the purpose of creating flexible vehicles and incentives to encourage private landowners to voluntarily participate with regulatory authorities in endangered species recovery activities.

Your Committee heard testimony in favor of this bill submitted by the Chairperson of the Board of Land and Natural Resources, Nature Conservancy of Hawaii, and a professional ecologist. Testimony against this bill was submitted by the Sierra Club, Hawaii Chapter, Hawaii's Thousand Friends, and Hawaii Audubon Society.

Your Committee agrees with the intent of this bill which is to make the state endangered species law compatible with federal law and provide incentives to private landowners within a dynamic and flexible framework which allows creative solutions, to preserve Hawaii's unique natural heritage by recovering and protecting endangered species found on their lands. Your Committee found merit in some of the concerns expressed in testimony against the measure and incorporated changes to address those concerns.

Your Committee amended this bill by:

- (1) Removing the findings and purpose section from the new chapter and placing it in a separate section as a general law;
- (2) Revising the definition section of the new chapter by:
 - (A) Incorporating the definitions in chapter 195D, Hawaii Revised Statutes (HRS);
 - (B) Deleting definitions which are duplicative of those definitions in chapter 195D, HRS; and
 - (C) Adding the definitions of "conservation rental agreement", "direct payments", and "habitat banking";
- (3) Deleting references to "rare" species throughout the new chapter;
- (4) Making the Board of Land and Natural Resources (Board) responsible for approving habitat conservation plans (HCP), entering safe harbor agreements (SHA), and issuing incidental take licenses (ITL), by an affirmative vote of no less than two-thirds of its authorized membership;
- (5) Amending the HCP provisions by:
 - (A) Deleting incidental take authority and language from the HCP section; and
 - (B) Adding three new criteria for rejecting an HCP;
- (6) Creating a separate section for SHA's with criteria for rescission of an SHA;
- (7) Amending the ITL provisions by:
 - (A) Clarifying the ITL provisions and setting forth the criteria for issuing an ITL; and
 - (B) Deleting the language pertaining to additional mitigation measures in the ITL section;
- (8) Amending the Endangered Species Recovery Committee (Committee) provisions by:
 - (A) Placing the Committee within the Department of Land and Natural Resources for administrative purposes only;
 - (B) Substituting the Chair of the Board for the Administrator of the Division of Forestry and Wildlife on the Committee;
 - (C) Making the appointment of nongovernmental member of the Committee subject to section 26-34, HRS.
 - (D) Adding a request that federal governmental members participate in the Committee but providing that the Committee can function without their participation; and
 - (E) Deleting other provisions relating to appointment of Committee members;
- (9) Revising the arbitration section in the new chapter to provide that:

- (A) Any person may file a claim with the Board;
- (B) The Board shall resolve the claim within ninety days;
- (C) If the claimant is not satisfied with the Board's determinations, the claimant may submit the claim to the Committee, which shall determine whether the claim has merit;
- (D) If a claim has merit, the trust fund will pay the costs of arbitration, if it does not the claimant will pay those costs; and
- (E) Attorney's fees and costs of arbitration may be awarded to successful claimants;
- (10) Deleting the sunset provision of the bill and replacing it with a prohibition against approving new HCP's, entering into new SHA's, and issuing new ITL's after July 1, 2002; and
- (11) Making technical, nonsubstantive changes for clarity and drafting style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1089, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1089, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Kawamoto).

SCRep. 828 Ways and Means on S.B. No. 1088

The purpose of this bill is to require state agencies to ensure that their actions do not result in the destruction or modification of habitats critical to the survival of endangered species.

Your Committee finds that maintaining and preserving the natural living environments of endangered species ranks among the most critical factors toward ensuring the survival of the species themselves. While unintended, the actions of government agencies often lead to the destruction of these habitats. This bill will ensure that agency actions do not result in the modification or destruction of these habitats.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1088, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Anderson).

SCRep. 829 Ways and Means on S.B. No. 1605

The purpose of this bill is to create a long-term supplemental funding source from the fuel tax for the Na Ala Hele Trail and Access Program through tax revenue generated by the sale of fuel.

Your Committee finds that as Hawaii's resident population grows and as more visitors to our State come here to enjoy the natural scenery, the impact on our nature trails and wilderness areas will increase. Beaches, state parks, and the like are already heavily used. The Na Ala Hele program is a statewide trail and access program maintained by the Department of Land and Natural Resources. The program has not been able to be funded at an appropriate and consistent level because of current budgetary restrictions. Program efforts including trail restoration, new trail development, and maintenance of existing trails have received short shrift while hikers, nature enthusiasts, and others call for access to more recreational areas. By providing funding from the fuel tax for the Na Ala Hele program, your Committee feels that the program will be able to count on continuing funding and can make plans to maintain trails and accesses on a regular basis.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1605, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 830 Ways and Means on S.B. No. 1600

The purpose of this bill is to require that all proceeds collected by the state parks program from not only park user fees, leases, and concessions, but also from the sale of goods be deposited into the Aina Hoomalu special fund.

The bill also expands the permitted uses of the special fund to include using the funds for monitoring resources, determining carrying capacity of resources, and replenishing of products.

Your Committee finds that Hawaii's unique environment requires conservation and protection. During these lean economic times the Legislature must find creative ways to fund programs that will educate the public about Hawaii's flora and fauna in order to protect them from environmental degradation and destruction. Aina hoomalu means the protection and care of the land in Hawaiian. This special fund is a way to do just that. Our resources are finite and must be monitored, replenished, and protected for future generations.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1600, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 831 Ways and Means on S.B. No. 447

The purpose of this bill is to require all governmental agencies responsible for the maintenance of roads and highways in the State to utilize integrated vegetation management procedures that minimize the use of environmentally-harmful vegetation control methods.

Your Committee finds that the use of herbicides to control roadside vegetation contributes to the degradation of streams, coastal areas, and ground water. A growing body of evidence also points to the effects of these chemicals on the health of the public as well. Many jurisdictions in other parts of the country have developed integrated vegetation management strategies which use non-chemical methods of vegetation management wherever feasible. Your Committee finds that this bill will enable the development of safe and cost effective alternatives to the use of herbicides to control roadside vegetation.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 447, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 832 Ways and Means on S.B. No. 1579

The purpose of this bill is to authorize the Department of Health to meet the requirements of the federal Safe Drinking Water Act Amendments of 1996.

Your Committee finds that the federal Safe Drinking Water Act Amendments of 1996 require states to protect drinking water by preventing, reducing, and eliminating contaminants in drinking water supplies. This bill will ensure the achievement of the foregoing objectives by creating a state revolving loan fund, establishing public notification requirements, and authorizing public water system development initiatives consistent with the requirements of the federal law.

Your Committee believes that by triggering the federal law funds, this measure will help to improve the quality of drinking water in this State at cost savings to both water supplies and consumers.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1579, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Anderson).

SCRep. 833 Ways and Means on S.B. No. 1631

The purpose of this bill is to authorize any state agency to contract with a tax exempt, private, nonprofit corporation for the purposes of coordinating policy, disbursing public funds, and implementing community plans related to the provision of early childhood education and care services.

Among other things, this bill authorizes the corporation to:

- (1) Develop policy recommendations concerning all aspects of a coordinated early childhood education and care system, including coordination strategies, resource development, and advocacy more particularly described in the Good Beginnings Early Childhood Education and Care master plan; and
- (2) Disburse public funds to implement community plans for providing early childhood education and care services to children and families in a designated service delivery area.

In addition, this bill requires the corporation to oversee the establishment of not less than four community councils, which are to:

- (1) Reflect the cultural make-up of the community and consist of representatives from groups or organizations that may be in a designated service delivery area; and
- (2) Develop and implement a community plan that describes incremental and collaborative community strategies for providing early childhood education and care services to children and families in a designated service delivery area.

Your Committee finds that this bill will reduce the fragmentation of the State's social services system for providing early childhood education and care, which will increase the effectiveness and efficiency of public and private programs alike, and will allow communities to determine how to best meet the needs and wants of their residents. This will empower residents to look within their communities for solutions to one of today's most vexing social problems.

Your Committee has amended this bill by changing its effective date to June 30, 2001.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1631, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1631, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Kawamoto).

SCRep. 834 Ways and Means on S.B. No. 202

The purpose of this bill is to extend from June 30, 1997 to June 30, 1999, the pensioners' bonus paid to certain retirants of the Employees' Retirement System.

Your Committee finds that long time pensioners whose pensions are being adjusted by this bill deserve some provision to compensate for inflation and other increases in cost of living. Without these adjustments, fixed income retirees fall farther and farther behind economically. In order to help these pensioners maintain an adequate standard of living based on their past public service, your Committee finds that it is reasonable to extend the bonus program for two more years.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 202, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 835 Ways and Means on S.B. No. 257

The purpose of this bill is to reduce the Employees' Retirement System's unfunded liability by changing the actuarial funding method to the entry age normal cost funding method and repealing the excess earnings provision.

Your Committee received testimony in favor of the measure from the Administrator of the Employees' Retirement System, HGEA/AFSCME Local 152, the Coalition of Hawaii State/Counties Retirees, Inc., and the Hawaii State Teachers Association-Retired. Your Committee also received informational testimony from the Director of Finance.

Your Committee finds that this bill would provide four major benefits:

- (1) It will save the State and counties over \$126,500,000 over the next two years by eliminating the requirement that the State and counties make up the \$99,400,000 earnings shortfall from fiscal year 1994-1995;
- (2) It begins the liquidation of the Employees' Retirement System \$1,600,000,000 unfunded liability by using the entry age normal funding method;
- (3) By repealing the excess earnings provision and enabling the Employees' Retirement System to retain one hundred per cent of its investment earnings, it stabilizes the State's and counties' annual appropriations from year to year; and
- (4) It reduces the risk of a big "appropriation shock" by repealing the excess earnings provision.

Your Committee believes that this bill will protect the financial integrity of the Employees' Retirement System while helping the State deal with the current fiscal crisis.

Your Committee has amended the bill by inserting a two-year drop dead provision.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 257, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 257, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Ihara, Levin, Anderson).

SCRep. 836 Ways and Means on S.B. No. 1802

The purpose of this bill is to provide pay adjustments for certain public officers and employees whose annual salaries are set by statute.

In particular, this bill provides unspecified compensation increases for the directors and first assistants of the legislative service agencies (the Office of the Auditor, the Legislative Reference Bureau, and the Ombudsman); members of the Labor and Industrial Relations Appeals Board, the Public Utilities Commission, and the Hawaii Labor Relations Board; the chief negotiator within the Office of Collective Bargaining; and the manager and deputy manager of the Stadium Authority.

Your Committee agrees with the intent of this bill, and finds that it corrects an inequitable situation. Compensation for these public officers and employees should be increased, both to reflect their skills, responsibilities, and achievements and to retain the most highly qualified individuals in these positions.

Upon further consideration, your Committee has amended this bill to reinsert statutory language that was inadvertently deleted from section 89A-1, Hawaii Revised Statutes, and by making other technical, nonsubstantive changes for consistency with the printed version of the Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1802, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1802, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Tanaka).

SCRep. 837 Ways and Means on S.B. No. 727

The purpose of this bill is to provide health insurance coverage to certain unmarried dependents of state and county employees.

Specifically, this bill extends health insurance coverage to full-time student dependents under age twenty-four, or unmarried dependents regardless of age who are incapable of self-support due to a mental or physical incapacity that existed prior to the individual reaching the age of nineteen.

Your Committee notes that this bill no longer contains, for the dependents described in the preceding paragraph, the proposed dental coverage that was in the original bill due to the high cost of the insurance.

Your Committee finds that the Public Employees Health Fund's plans should provide equitable insurance coverage for state and county employee- and retiree-beneficiaries.

Your Committee has amended this bill to change the effective date from January 1, 1998 to July 1, 1998.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 727, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 727, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Kawamoto).

SCRep. 838 (Majority) Ways and Means on S.B. No. 728

The purpose of this bill is to establish formal investment powers for the board of trustees of the public employees health fund.

Specifically, this bill gives the health fund board investment powers similar to those of the board of trustees of the Employees' Retirement System.

Your Committee finds that the public employees health fund needs the power and flexibility to invest funds in safe, secure, and higher-yielding investments than is currently available to them. This will enable the fund to become self-sufficient and minimize any unfunded liabilities.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 728, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, 1 (Ige, M.). Excused, 2 (Kawamoto, Taniguchi).

SCRep. 839 Ways and Means on S.B. No. 262

The purpose of this bill is to allow former employees with ten or more years of service and who have experienced a break in service to re-enter service without loss of any previously earned health fund benefits.

Your Committee finds that Act 269, Session Laws of Hawaii 1996, had the inadvertent effect of creating a disincentive for any former employee with ten or more years of service from returning to government service. They would put in jeopardy their 100% employer-paid health fund benefit that they would receive upon reaching retirement age. This bill would remedy that inequity by excluding those employees who have at least ten years of credited service and who suffer a break in service, thus enabling these former employees to return to government service without loss of their paid benefits.

Your Committee has amended the bill to increase the break in service time period within which a public employee will not lose accrued health fund benefits from seven to ninety days.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 262, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 262, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Taniguchi).

SCRep. 840 Ways and Means on S.B. No. 1653

The purpose of this bill is to expand the leave sharing program to allow employees to use donated leave credits for the care of family members. The bill also provides that sick leave need not be exhausted when using donated leave credits for care of family members.

The cost of medical care for family members who have a serious personal illness or injury can be quite significant. Allowing employees to use donated sick leave credits to care for sick family members can offset these costs and provide some measure of peace of mind.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1653 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 841 Ways and Means on S.B. No. 1146

The purpose of this bill is to require the State to negotiate with the applicable public employees' bargaining unit in accordance with collective bargaining procedures if any indebtedness arises as a result of salary or wage overpayments to any public employee.

Your Committee finds that the problem concerning salary and wage overpayments to state employees has grown progressively worse over the years. Moreover, efforts between the State and various public employee unions to resolve the problem have only succeeded in generating even more questions about the appropriate procedures to follow in the settlement of claims. The result has been more delays in recovery of these overpayments.

This bill clarifies that the matter of overpayment of salaries and wages to public employees should be negotiated between the employer and employee as any other wage issue. By clarifying this issue, your Committee hopes to expedite the resolution of overpayment claims pending before the State.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1146 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 842 Ways and Means on S.B. No. 30

The purpose of this bill is to clarify that a public employee who is summoned as a juror or witness in a judicial proceeding shall not be required to take credit against vacation leave for that period.

Your Committee finds that the underlying intent of the existing law is to afford public officers and employees, while on jury duty or while appearing as a witness, paid leaves of absence. This bill is needed to clarify that a public employee should not lose vacation credit or benefits for such service and that a leave of absence with pay be granted to employees performing a civic duty and responsibility.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 30 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 843 Ways and Means on S.B. No. 1143

The purpose of this bill is to make the pricing and repricing of all classes of public employee positions the subject of collective bargaining negotiations at the request of the exclusive bargaining representative of these public employees.

Your Committee finds that the pricing and repricing of classes of public employee positions is the proper subject of collective bargaining negotiations because pricing and repricing actions affect the wages and salaries of public employees, which are already the subject of collective bargaining negotiations. The extension of the collective bargaining law to include pricing and repricing actions is merely a logical extension of the State's existing position classification and compensation system for public employees.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1143, S.D. 1 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 844 Ways and Means on S.B. No. 1421

The purpose of this bill is to establish a specific schedule for implementing an after-the-fact payroll system.

Your Committee received testimony in support of the bill from the Department of Accounting and General Services and the Department of Education. The Department of Budget and Finance submitted comments on the bill. The Hawaii Government Employees Association, the United Public Workers, the Hawaii State Teachers Association, and the University of Hawaii Professional Assembly all submitted testimony in opposition to the bill.

Your Committee finds the law enacted last year that authorized the Governor to implement a payroll lag simply requires a one-year conversion time schedule. Your Committee has replaced this generally stated requirement with a specific commencement date and schedule of pay dates to be delayed. These schedules shall be implemented unless otherwise provided by the Department of Accounting and General Services.

Your Committee also finds that the implementation of what is popularly referred to as the "payroll lag", and the changeover to the after-the-fact payroll system are important components in improving the State's fiscal controls and balancing the budget. For this reason, your Committee believes that the Legislature should take the initiative in ensuring that these important measures are implemented in a timely manner.

Your Committee has amended the bill by providing that rather than being outside the scope of chapter 89, Hawaii Revised Statutes, the payroll lag shall be subject to negotiation between the State and the representatives of government employees.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1421, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1421, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 845 Ways and Means on S.B. No. 1474

The purpose of this bill is to transfer excess moneys from the homes revolving fund to the general fund in fiscal years 1997-1998 and 1998-1999.

This bill specifies the intended purposes of the homes revolving fund and finds and determines that the balance currently on deposit in the homes revolving fund is in excess of the amount necessary in order to fulfill the purposes for which the homes revolving fund was created. The bill further finds that it is desirable to reduce that balance. Specifically, this bill authorizes the Director of Finance to transfer \$6,000,000 from the homes revolving fund to the general fund in each of fiscal years 1997-1998 and 1998-1999.

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

Your Committee finds that a transfer of excess funds from the homes revolving fund to the general fund is appropriate, especially at a time when the State's finances are severely constrained.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1474, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 846 Ways and Means on S.B. No. 1701

The purpose of this bill is to authorize the Hawaii housing authority to negotiate the sale of the dwelling units and state lands that make up the Waimanalo Homes project to the Waimanalo Housing Resident Association.

Many of the residents of the Waimanalo Homes project have lived there for thirty years and live on fixed incomes. The homes are deteriorating and while the Hawaii housing authority is taking action to raze and rebuild them, the residents believe more cost-effective housing options to improve their homes are available.

Your Committee is aware that opposition to this measure focuses on the scarce inventory and desperate need of housing, with more than 9,000 people still on the waiting list. The sale of these units would further reduce the inventory.

Additionally, your Committee is also aware that the Waimanalo Homes project is on ceded land and is subject to statutory restraints that will further complicate any sale negotiations. Restrictions with regard to value, as well as the issues of who retains the proceeds, add questions about whether or not the sale is even feasible to a community where incomes average between \$6,500 to \$13,499.

Your Committee recognizes the many different issues that must be overcome to accomplish this sale, but believes that providing home-ownership for the low-income people of Hawaii is a priority issue. Your Committee finds that exploring all opportunities to realize that important goal can improve the health and welfare of the people of the State.

Your Committee made a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1701, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1701, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Taniguchi, Anderson).

SCRep. 847 Ways and Means on S.B. No. 1632

The purpose of this bill, which is an administrative measure, is to promote and improve housing opportunities for all residents through consolidation and streamlining of the State's varied housing programs now under the Hawaii Housing Authority, the Housing Finance and Development Corporation, and the Rental Housing Trust Fund. The consolidated housing responsibilities and duties will be placed under a new corporate body, the Housing and Community Development Corporation of Hawaii (HCDCH), established by the bill.

The bill also eliminates the provision for development of employee housing; subparts III E, F, and G, the Taxable Mortgage Securities Program, the Loan Participation Program, and the State Mortgage Guarantee Program respectively; and subpart III M, the Downpayment Reserve Plan. The bill further appropriates funds in an undetermined amount to implement the transition provisions of the bill.

Your Committee amended this bill to:

- (1) Incorporate suggestions by the State's bond counsel that would delete repetitive and redundant language concerning the issuance of bonds, and that would add necessary language concerning the corporation's ability to sell bonds;

- (2) Place the new corporation, HCDCH, in the Department of Business, Economic Development, and Tourism for administrative purposes only; and
- (3) Make numerous technical, nonsubstantive amendments, including renumbering the sections and internal references, for clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1632, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1632, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Iwase, Levin, Tanaka, Anderson).

SCRep. 848 Ways and Means on S.B. No. 1884

The purpose of this bill is to require that a minimum of thirty per cent of each state agency's annual procurement budget for goods and services be dedicated to purchases from locally-owned small businesses.

Your Committee finds that the survival of Hawaii's small businesses is vitally necessary in maintaining a strong economic base for the State. Your Committee recognizes, however, that small businesses in Hawaii face a number of obstacles in maintaining their viability, ranging from high insurance costs and other costs of doing business to often well-intentioned but extremely time-consuming bureaucratic red tape. Your Committee agrees with the intent of this bill, which represents a significant and meaningful step in support of small businesses throughout the State.

Upon further consideration, your Committee has amended this bill by reducing from thirty to twenty, the minimum percentage of each state agency's total annual procurement budget that is required to be devoted to purchases from locally-owned small businesses.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1884, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1884, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 9. Noes, none. Excused, 2 (Iwase, Anderson).

SCRep. 849 Ways and Means on S.B. No. 538

The purposes of this bill are to:

- (1) Prohibit the Board of Education and the State Librarian from entering into agreements that allow outsourcing for the selection of books and other resources for the state library system that require the expenditure of public funds;
- (2) Authorize the public service librarians to make all decisions regarding the acquisition of books and resources for the state library system requiring the expenditure of public moneys, and to hold them accountable for the acquired selections; and
- (3) Clarify the powers of the Board of Education with respect to contracting for external book purchasing sources.

Your Committee finds that it is not feasible to divest the State Librarian of the authority to contract externally for the purchase of books or other library resources. However, your Committee recognizes that public service librarians are the persons most knowledgeable about the reading material desired by their clientele and therefore are the persons most suited to selecting books for their libraries.

Your Committee also finds that the provision voiding existing contracts is drastic and unnecessary.

Your Committee has amended the bill by:

- (1) Renaming the new section added to chapter 312, Hawaii Revised Statutes; and deleting the paragraph prohibiting the Board of Education or the State Librarian's from entering into agreements authorizing the selection of books if the acquisition requires the expenditure of public moneys;
- (2) Amending the provision relating to public service librarians to authorize them to select the books and resources for the state library system that may be purchased through an external source at the option of the State Librarian; and
- (3) Deleting the provision which voided any existing contracts that contained provisions that are not in compliance with the bill.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 538, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 538, S.D. 3.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 1 (Kawamoto).

SCRep. 850 Ways and Means on S.B. No. 1718

The purpose of this bill is to authorize the Department of Education and the University of Hawaii to enter into long-term service contracts, and to renew those contracts if they so desire.

Your Committee finds that this bill recognizes the University's need for flexibility regarding service and lease contracts for rapidly changing technical equipment. This flexibility would allow the University to better meet its educational, research, and administrative requirements by tailoring the duration and option terms of service and lease contracts to ensure access to state of the art computers and technical equipment.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1718 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Taniguchi, Anderson).

SCRep. 851 Ways and Means on S.B. No. 68

The purpose of this bill is to exempt school fundraiser proceeds from general excise taxes when the fundraiser is organized for the purpose of raising funds to purchase educational equipment, programs, and supplies.

Your Committee received testimony supporting this measure from the Department of Education. Testimony opposing this measure was received from the Department of Taxation. The Tax Foundation of Hawaii commented on this measure.

Your Committee finds that the education budget reduction has spurred support groups to attempt to make up budget shortfalls for school equipment, programs, and supplies through fundraising efforts. Students, faculty, parents, and the community work very hard to raise additional resources to fund otherwise lost resources. The tax exemption would enable support groups to fully realize the fruits of their labor in their attempt to improve their schools.

Your Committee has amended this bill by:

- (1) Requiring the Superintendent of Education to review and report to the legislature every two years on the amount of revenues raised through fundraising efforts and how the money was spent; and
- (2) Adding a sunset clause which repeals the public school fundraising tax exemption after five years.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 68, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 68, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Iwase, Levin, Taniguchi, Anderson).

SCRep. 852 Ways and Means on S.B. No. 1359

The purpose of this bill is to allow the Department of Education to establish business enterprises within schools to enable them to experience the enterprise process, and to allow the net profits from these enterprising pursuits to be used by the individual schools or distributed to pupils engaged in the pursuits.

Your Committee finds that school-run business enterprises can engage both students and teachers and encourage performance assessments, authentic lessons, and creativity that contributes to economic development. Schools can benefit from entrepreneurial endeavors by using their profits to purchase additional equipment and materials for the enhancement, expansion, and support of interdisciplinary, economics-based instruction programs. Student compensation can serve as a powerful motivator for students who are willing to use their problem solving skills to invent, produce, market, and control products and services.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1359, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Taniguchi, Anderson).

SCRep. 853 Ways and Means on S.B. No. 760

The purpose of this bill is to allow a group of six or more teachers to establish a school-within-a-school, which is defined as an alternative education model; to provide for its governance, funding, and evaluation; and to exempt the school-within-a-school from most state laws and rules.

Your Committee finds that the school-within-a-school program provides communities with an alternative approach to instruction in the public schools, an approach that may better suit the students of that community.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 760 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Ige, M., Iwase, Taniguchi, Anderson).

SCRep. 854 Ways and Means on S.B. No. 757

The purpose of this bill is to allow student-centered schools to select which services the schools will obtain through the Department of Education and which they will obtain through vendors, including other state agencies, of their own choosing.

In addition, this bill makes the Department of Budget and Finance responsible for the coordination and implementation of a student-centered schools allocation.

Your Committee finds that this bill resolves, once and for all, the question of whether or not student-centered schools are entitled to receive an allocation of state general funds for the statewide, centralized administrative services currently provided by the Department of Education. In clearly giving the schools a choice, this measure will significantly promote the vision of the substantially independent student-centered school.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 757, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Ige, M., Iwase, Taniguchi, Anderson).

SCRep. 855 Ways and Means on S.B. No. 58

The purpose of this bill is to require the Department of Education to establish and maintain kindergartens as part of the public school system, without regard to current school zone size limitations. The bill also establishes procedures and criteria to determine readiness of children for kindergarten and to grant exceptions to children who are found to be ready to attend.

Presently there is no mandate that the Department of Education establish and maintain kindergartens as a part of the public school system. Further, there is a limitation that kindergartens be established only in school zones where there are at least fifteen children eligible to attend. The present bill supports early education and appears consistent with the Hawaii Goals for Education.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 58, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Tanaka).

SCRep. 856 Ways and Means on S.B. No. 860

The purpose of this bill is to allow the Department of Education to carryover up to five per cent of any appropriation for the portion of the school community service program (EDN 500) relating to adult education until June 30 of the first fiscal year of the next fiscal biennium.

Your Committee finds that the Department of Education is presently allowed to carryover up to five per cent of any appropriation for the school-based budgeting program (EDN 100). Treating community schools for adults on par with grade schools by extending this carryover authority to the adult education program recognizes the fact that the State's obligation to educate its citizenry and promote life-long learning does not end upon graduation from high school, exclusion from school, or exception from compulsory attendance.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 860, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Ige, M., Iwase, Taniguchi, Anderson).

SCRep. 857 Ways and Means on S.B. No. 1678

The purpose of this bill is to: require the Department of Education to develop a master plan for the support and use of technology in the schools; create the State Educational Technology Purchase, Maintenance, and Upgrade Special Fund (Technology Fund); and appropriate moneys to upgrade the wide area network, implement a human resources system, upgrade the Student Information System software, continue the implementation of a school data retrieval system, expand the school local area network video and voice network connection capabilities, and expand the distance learning/electronic schools.

Your Committee endorses the Department of Education's commitment to provide all schools with a technology framework necessary to work toward the Department's objectives of integrating technology into classrooms and schools in order to expand the opportunities and capabilities of all children. Your Committee believes, however, that funding for the new special fund should come from the State Educational Facilities Improvement Special Fund (EFI Fund) and not from the general revenues of the State.

Your Committee amended this bill by:

- (1) Changing the fund name to the State Educational Technology Special Fund;
- (2) Replacing the general revenues of the State with the EFI Fund as the source of funding for the Technology Fund;
- (3) Appropriating an unspecified amount (with twenty percent from interest accrued in the EFI Fund) for fiscal year 1997-1998 from the EFI Fund to the Technology Fund; provided that the Department of Education obtains private, federal, or other matching funds and in-kind donations for the Fund, and providing that any unexpended appropriation from the EFI Fund on June 30, 1999, shall be paid back to that Fund;
- (4) Amending the use of the Technology Fund to be for technology infrastructure, network and system implementation, including equipment purchase, maintenance, and upgrade, and providing that the interest income from the EFI Fund, and matching funds, may be used for staff and program development;

- (5) Deleting the amendment to section 237-31, Hawaii Revised Statutes, concerning remittances of taxes;
- (6) Providing unspecified amounts for all appropriations in the bill other than the appropriation for the Technology Fund and providing that those appropriations are from the Technology Fund;
- (7) Amending the effective date provision of this bill by making the entire bill effective on July 1, 1997; and
- (8) Making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1678, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1678, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Kawamoto).

SCRep. 858 Ways and Means on S.B. No. 1742

The purposes of this bill are to:

- (1) Provide individual schools with the authorization to manage their own budget with budget preparation training from the Department of Education;
- (2) Require that the auditor, with assistance from the Department of Education, review EDN 100 programs and submit to the legislature its recommendations for determining which programs should be eliminated or maintained; and
- (3) Appropriate unspecified sums in fiscal years 1997-1998 and 1998-1999 to provide personnel, supplies, and equipment necessary to allow schools to manage their budget.

Your Committee finds that in 1995, Act 168 was enacted. The legislature recognized Hawaii's shift from an agricultural society to an information-based society and desired to restructure the operations of our public schools accordingly. The legislative intent was to provide individual schools with the necessary flexibility and autonomy to recognize and implement the changes needed in the way we educate our children to achieve mastery of State performance standards. Requiring the Department of Education to identify lumpsum allocations in its annual budget requests and reports, and getting the auditor involved may help to facilitate the intention of Act 168.

Your Committee has amended this bill by:

- (1) Requiring the Department of Education to specifically identify the amount the Department is allocating for school lumpsum funding in its annual allotment and expenditure plan submitted to the governor;
- (2) Requiring the Department of Education to provide summaries of the amount allocated as lumpsum to schools and the amount allocated with expenditure requirements in its accountability report to the legislature;
- (3) Requiring that the Department of Education submit for auditor review all allotments to schools with accompanying expenditure provisions for the remaining current biennium;
- (4) Deleting the appropriation provision; and
- (5) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1742, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1742, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 859 (Majority) Ways and Means on S.B. No. 252

The purpose of this bill is to delete the twenty-four month limit to receiving general assistance for disabled persons, create a general assistance advisory council, and reduce the required number of work hours per week from thirty to twenty for purposes of the definition of "substantial gainful employment" for general assistance eligibility.

Your Committee feels that a two-year limitation on general assistance for disabled persons is too harsh and that the length of time should be within the budget as determined from year-to-year. Your Committee believes that the general assistance advisory council within the Department of Human Services will provide needed input on general assistance issues from a broad representative spectrum of the community.

Your Committee has amended this bill by inserting a provision to create a general assistance supplemental special fund for the Department of Human Services to retain unexpended appropriations from the general assistance budget appropriation, to be used solely for general assistance payments. Your Committee has also provided that the members for the general assistance advisory council are not limited to the twelve organizations listed in section 2 of the bill.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 252, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 252, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, 1 (Ige, M.). Excused, 3 (Iwase, Levin, Anderson).

SCRep. 860 Ways and Means on S.B. No. 1352

The purpose of this bill is to require the Department of Health to design and implement a program to assist persons with disabilities and elderly persons to make the transition to the managed care system of health care provided by the Hawaii health QUEST program.

Your Committee finds that persons with disabilities and elders may need additional assistance in making a successful transition to receiving health care services from a managed care system. The State has already experienced numerous difficulties with respect to enrolling an uninformed population into a Medicaid managed care organization, as encountered in the implementation of Hawaii health QUEST I. While the population of new participants in QUEST II is smaller, this new group has more complex needs and the selection process will be more complicated, as well as more vital to their well-being.

Your Committee further finds that there has been a recognition by state entities and health plans of the need to assist these beneficiaries in making informed choices among alternative health plans, and that benefit counseling is becoming one of the most frequently used approaches to deal with this situation. Your Committee finds that this bill will provide needed assistance in helping elders and persons with disabilities in wisely selecting medical and dental plans in the QUEST program, thereby reducing confusion and giving these persons greater confidence in their decision making regarding their health care choices.

Upon further consideration, your Committee has amended this bill by replacing the two-month period before the close of enrollment in the health and dental plans, in which the department is required to begin implementation of the program, to an unspecified number of months, in order to facilitate further discussion on the appropriate time frame for program implementation.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1352, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1352, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Kawamoto, Levin).

SCRep. 861 (Majority) Ways and Means on S.B. No. 1551

The purpose of this bill is to clarify the level of care payments to adult residential care homes (ARCH) for government programs by reducing from three to two the number of levels of care and increasing the current payments by \$50.

Your Committee received testimony in support of this bill from the Department of Human Services, Executive Office on Aging, Hawaii Long Term Care Association, United Group of Home Operators, Wong Health Care Center, and a care home provider.

Your Committee finds that the compression of ARCH payments will expedite the placement of individuals into ARCHs, and ARCH operators will be compensated in a more timely manner. This reduces the administrative duties of the Department of Human Services, thus allowing its staff to devote more time and more services to other areas of adult social services such as case management.

Your Committee notes that the Legislative Reference Bureau's 1992 report entitled, "Hawaii's Adult Residential Care Program: An Evaluation of Selected Concerns", recommended that the legislature appropriate funds to bring all state supplements for ARCH residents up to the amount recommended by the 1989 Auditor's Report. The recommended payment increases for each level of care (LOC) were as follows:

	<u>Type I ARCH</u>	<u>Type II ARCH</u>
LOC I	\$	\$36
LOC II	\$17	\$17
LOC III	\$57	\$57

The LRB report indicated that the costs of these recommended increases would be \$1 million to \$1.5 million.

Your Committee has amended this measure by changing the appropriation to \$2 in each fiscal year covered to keep this measure alive until an exact amount can be determined.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1551, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1551, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, 1 (Ige, M.). Excused, 3 (Iwase, Levin, Taniguchi).

SCRep. 862 Ways and Means on S.B. No. 1879

The purpose of this bill is to allow adult residential care homes (ARCH) to admit patients requiring nursing home level care.

Specifically, this bill allows ARCHs to admit patients certified by the Department of Human Services as requiring skilled nursing level or intermediate level care under a Medicaid waiver program and patients certified by their physicians as requiring skilled nursing or intermediate level care who pay for care from private funds. However, no more than two persons requiring skilled nursing or intermediate level care are allowed in a type I ARCH.

Your Committee believes that more use should be made of ARCHs in Hawaii in order to reduce the costs of long-term care. This bill takes a step in that direction by allowing those requiring long-term care to be cared for in a less restrictive and less expensive environment.

Your Committee has made technical, nonsubstantive amendments for the purposes of clarity and style to correct:

- (1) In section 3 of the bill, the incorrect reference to section 333F-2, Hawaii Revised Statutes, due to a typographical error (it should be section 333F-1); and
- (2) In section 5 of the bill, the incorrect reference to section 2 of the bill (it should be sections 2 and 3).

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1879, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1879, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 863 Ways and Means on S.B. No. 412

The purpose of this bill is to provide a mechanism and procedure to develop a financing strategy for long-term care in Hawaii.

Specifically, this bill creates a joint legislative committee on long-term care financing for the 1997 interim to develop such a financing strategy. The committee is to incorporate as its goals the principles stated in House Concurrent Resolution No. 61, 1996, research and analyze alternatives proposed by the Executive Office on Aging, develop a financing scheme that includes contributions from all adult residents, avoid financing strategies that would burden the State financially, and allow for at least partial private sector financing participation. The Legislative Reference Bureau is to provide administrative and research support to the committee. The committee is to prepare proposed legislation for introduction in the 1998 regular session. Finally, \$1 is appropriated to the committee for fiscal year 1997-1998, to be expended by the Legislative Reference Bureau, for the purposes of this measure.

Your Committee has amended this bill by deleting the appropriation amount of \$1 and leaving the amount blank. Your Committee has also made technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 412, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 412, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 864 Ways and Means on S.B. No. 1433

The purpose of this bill, as received, is to provide an emergency appropriation of \$10,000,000 for tourism marketing. The sum appropriated will be expended by the Department of Business, Economic Development, and Tourism (DBEDT) through a contract with the Hawaii Visitors and Convention Bureau (HVCB).

Your Committee received testimony in support of this measure from DBEDT, Hawaii Hotel Association, Maui Hotel Association, ILWU, the Chamber of Commerce of Hawaii, Aloha Airlines, Hawaiian Airlines, and a private citizen. It also received from HVCB its "Plan for Westbound Supplemental Funding in 1996-1997" and "Proposal for 1997 Emergency Campaign to Promote Japanese Tourism" (prepared for HVCB by Hakuodo Inc.).

Your Committee finds that Act 218, Session Laws of Hawaii 1995, as amended by Act 287, Session Laws of Hawaii 1996, appropriated general funds to the State Tourism Office (BED 113) for fiscal year 1996-1997.

Your Committee further finds, however, that subsequent to that appropriation, the market for Eastbound (primarily Japanese) and Westbound (primarily mainland U.S.) travel to Hawaii has softened dramatically with no fundamental signs of a turnaround.

This emergency appropriation is necessary to enable HVCB to implement a separate plan supporting the Eastbound market which will address the lack of visibility and eroding value perception of Hawaii, and a supplemental Westbound plan to address negative mainland U.S. trends and generate a timely market response.

Your Committee intends that HVCB, in the development of its marketing plans, seek to collaborate with tourism industry representatives, the business community, government agencies and community representatives to insure the best return on Hawaii's financial support for the HVCB.

Your Committee has amended this measure by prohibiting DBEDT from expending any of the funds appropriated until the governor removes restrictions on the unexpended amounts in HVCB's current budget (BED 113) for fiscal year 1996-1997; and adding a provision requiring the HVCB to report to the legislature on the final status and implementation of its marketing plans for Japan and the United States, thirty days after the funds from this bill are released.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1433, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1433, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 865 Ways and Means on S.B. No. 1351

The purpose of this bill is to conditionally continue cash and foodstamp assistance to persons convicted of a felony that involves the illegal use, possession, or distribution of controlled substances.

Your Committee finds that this bill allows the State to opt out of the application of Section 115 of Public Law 104-193, which permanently ends eligibility for federal cash welfare and food stamps for anyone convicted of a drug-related felony, including drug use, possession, or distribution after August 22, 1996.

Your Committee has amended this bill to provide that it would sunset after two years.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1351, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1351, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 866 Ways and Means on S.B. No. 1572

The purpose of this bill is to make certain programs of the Department of Health more self-sustaining with regard to funding.

Specifically, this bill establishes two special funds, the spouse and child abuse special fund and the vital statistics improvement special fund, within the Department of Health. The bill also establishes a fee schedule for certified copies of vital statistics issued by the Department of Health and allows the Department to raise fees up to ten per cent per year.

The spouse and child abuse special fund is meant to fund staff programs and grants or purchases of services consistent with chapter 42D, Hawaii Revised Statutes, that support or provide spouse or child abuse intervention or prevention. This fund is to be funded by, among other sources, fees collected for copies of birth, marriage, or death certificates.

The vital statistics improvement special fund is to be used for the modernization and automation of the vital statistics system in Hawaii and is to be funded by fees collected for copies of birth, marriage, or death certificates. The bill also appropriates \$250,000 in each of fiscal years 1997-1998 and 1998-1999 for each of the two funds.

Your Committee finds that two spouse and child abuse special funds have already been established in the Department of Human Services (section 346-7.5, Hawaii Revised Statutes) and in the Judiciary (section 601-3.6, Hawaii Revised Statutes). Your Committee has accordingly amended this bill to:

- (1) Delete section 1 of the bill creating the new spouse and child abuse special fund under section 321- , Hawaii Revised Statutes;
- (2) Delete sections 3 and 4 of the bill regarding transfers from the new spouse and child abuse special fund for central service expenses and for pro rata share of administrative expenses;
- (3) Delete the reference to section 321- , Hawaii Revised Statutes, in section 5 of the bill;
- (4) Change section 6 of the bill to deposit \$1 of fees collected to the new vital statistics improvement special fund and divide the balance between the two existing spouse and child abuse special funds under sections 346-7.5 and 601-3.6, Hawaii Revised Statutes (thus no part of the fees are deposited to the general fund);
- (5) Amend sections 346-7.5 and 601-3.6, Hawaii Revised Statutes, to require the Department of Health, the Department of Human Services, and the Judiciary to jointly determine how moneys from the two existing spouse and child abuse special funds are to be expended;
- (6) Delete section 8 of the bill appropriating moneys for the new spouse and child abuse special fund; and
- (7) Change in section 9 of the bill:
 - (A) The amount appropriated from \$250,000 in each of fiscal years 1997-1998 and 1998-1999 to \$1; and
 - (B) The appropriation language from "There is appropriated out of the vital statistics improvement special fund. . ." to "There is appropriated out of the general revenues of the State of Hawaii . . ." to clarify that the special fund is being funded.

Your Committee believes that this bill will provide the vital statistics improvement special fund and the two existing spouse and child abuse special funds with a reliable source of funding as well as coordinate and rationalize how the moneys from the latter two funds are expended.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1572, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1572, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Taniguchi).

SCRep. 867 Ways and Means on S.B. No. 497

The purpose of this bill is to establish a traumatic brain injury program and advisory board within the Department of Health.

Your Committee finds that traumatic brain injury (TBI) has become the number one killer and cause of disability of young people in the United States. Motor vehicle accidents, sports accidents, falls, and increased violence are the major causes of TBI, which can cause significant impairment to a person's physical, psychological, and cognitive functional abilities.

This bill enacts a comprehensive program plan to deal with TBI including coordination, research, and planning among public and private sector agencies. The establishment of this program will allow the state to qualify for federal funding to address this critical health problem.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 497 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 868 Ways and Means on S.B. No. 944

The purpose of this bill is to create an early intervention trust fund to enhance early intervention services for infants and toddlers with special needs by maximizing federal reimbursements and facilitating private contributions.

Your Committee finds that the establishment of such a fund would maximize federal resources and provide a conduit for private funds as well, such as individual and corporate contributions and foundation grants. Creation of a fund will allow immediate withdrawal of funds so that the children can start being served with minimal delay.

Your Committee further finds that the fund will provide a successful public-private partnership to support services for a particularly vulnerable segment of the population.

Your Committee has amended this bill by:

- (1) Changing the fund from a trust fund to a special fund, and conforming all references thereto; and
- (2) Deleting the appropriation.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 944, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 944, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Anderson).

SCRep. 869 Ways and Means on S.B. No. 251

The purpose of this bill is to add two members to the corporate board of the Hawaii Health Systems Corporation. The new board members shall consist of one at-large member and one regional member serving alternately from the County of Kauai, or from the County of Maui, provided that the regional member representing the County of Maui shall reside in the district of Hana or on the island of Lanai.

Expansion of the Board permits wider representation of the community and allows for a larger pool of expertise that may be drawn upon by the Board.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 251, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 870 Ways and Means on S.B. No. 1266

The purpose of this bill is to amend various provisions of the Hawaii Revised Statutes to comply with the mandates of the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, also known as the "Welfare Reform Act", and other federal requirements.

Your Committee finds that with the enactment of the Welfare Reform Act, the federal safety net providing financial assistance to support children has been removed, and thus the burden of ensuring adequate support for these children will be placed upon the states. In response to this shifting of the financial burden, the states are subsequently strengthening their child support laws, including

additional mechanisms for garnishing and withholding funds from delinquent parents as well as providing access to additional personal records to assist agencies in locating delinquent parents and identifying their assets.

Your Committee agrees that enforcement must be expedited, and thus supports the use of a more administrative process for ensuring that delinquent parents meet their obligations as quickly as possible. However, your Committee also wants to ensure that such expedited administrative process and access to personal records should not place additional burdens upon businesses to provide the information.

Your Committee has made technical, nonsubstantive amendments to the bill.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1266, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1266, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Tanaka).

SCRep. 871 Ways and Means on S.B. No. 1268

The purpose of this bill is to enact the Uniform Interstate Family Support Act as amended on July 18, 1996.

Your Committee finds that in order to comply with the federal "Welfare Reform Act" mandate and retain federal funding, Hawaii must enact a more comprehensive law to facilitate the collection of child support payments from delinquent parents.

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 Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1268, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1268, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Kawamoto).

SCRep. 872 Ways and Means on S.B. No. 717

The purpose of this bill is to establish a \$25 surcharge for persons who are divorcing or separating and using the surcharge and other moneys to fund a parent education special fund for separating parents and their children.

Your Committee finds that the State has a volunteer program, "Kids First", on three islands to serve separating parents and their children, serving over six thousand adults and their children each year. However, reliance on volunteers cannot continue indefinitely, and the program requires a level of professionalism to provide appropriate services. This "Kids First" program allows the parents to focus on their children at an extremely stressful time in their childrens' lives which can assist the community as a whole in the form of reduced juvenile offenses and the development of more responsible adults and parents for the next generation. Placing the burden of payment on separating parties is a fair allocation of community resources.

Your Committee further finds that the fund will also allow expansion of the program to all islands, instead of just the three currently served, and has amended this bill to specifically require that the programs be provided on all islands.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 717, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 717, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Tanaka).

SCRep. 873 Ways and Means on S.B. No. 990

The purpose of this bill is to appropriate \$350,000 for fiscal year 1997-1998 to alleviate the expenses incurred by Hale 'Opio, a nonprofit agency providing group homes for youth, when the Department of Land and Natural Resources failed to provide sites for group homes.

Your Committee has amended the bill to:

- (1) Change the appropriation for Hale 'Opio to \$1;
- (2) Establish a five-year demonstration project using post secondary student help to maintain, repair, improve, and beautify the State's airports, which is important to tourism and the safety of residents and visitors alike, and would not otherwise be within the State's fiscal means; and
- (3) Appropriate funds out of the airport special fund to effectuate and implement the project.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 990, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 990, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Tanaka).

SCRep. 874 Ways and Means on S.B. No. 1418

The purpose of this bill is to provide administrative and clerical support to the King Kamehameha Celebration Commission (Commission) with funds collected from fees and public solicitation.

Your Committee finds that the bill enables the Commission to hire an arts program specialist and a part-time clerk typist to assist the Commission in its mandated duties. These positions will not be subject to the civil service laws contained in chapters 76 and 77, Hawaii Revised Statutes, and would be funded through revenues derived from the Commission's trust funds.

Your Committee has amended the bill by deleting its substance and inserting provisions that authorize the expenditure of general funds to defray the Commission's administrative costs.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1418, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1418, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, none. Excused, 3 (Iwase, Taniguchi, Anderson).

SCRep. 875 Ways and Means on S.B. No. 426

The purpose of this bill is to establish and support a hula cultural center.

Your Committee finds that culture and the arts have proven to be of great social benefit to the people of Hawaii. Thirty years ago the State established the State Foundation on Culture and the Arts. The Foundation supports a system of nonprofit culture and art organizations and has provided a means for artistic and cultural endeavors throughout the State.

Your Committee further finds that due to the State's budget deficit, the Foundation sustained budget cuts of nearly seventy percent in fiscal year 1995-1996, and even deeper cuts in 1996-1997. The reduced support of the Foundation resulted in elimination and hardship for many long standing culture and art programs.

Your Committee believes that in light of the economic deficit, the Foundation must be provided a means to allow it the ability to generate revenues to overcome its budget shortfalls.

Your Committee has amended this bill by replacing its contents with a new findings and purpose section and a new section to Chapter 9, Hawaii Revised Statutes, that establishes the Culture and the Arts Revolving Fund. Your Committee also directs the Foundation to establish appropriate mechanisms for community comment and input on the establishment of royalties for locally-produced works of art and arts activities.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 426, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 426, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 876 Ways and Means on S.B. No. 1907

The purpose of this bill is to prohibit the Governor and the Director of Finance from reducing budgetary requests and allotments of the University of Hawaii below the amounts appropriated by the Legislature.

Your Committee finds that in establishing the State's budget for higher education, the Legislature considers all aspects of the State's financial situation and balances these considerations in view of the needs and priorities of the University of Hawaii. Budgetary reductions by the Governor and the Director of Finance after these appropriations are made intrude on the spending priorities established by the Legislature. Your Committee finds that this bill will ensure that appropriations to the University of Hawaii are expended in accordance with the Legislature's intent.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1907, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, none. Excused, 3 (Iwase, Taniguchi, Anderson).

SCRep. 877 Ways and Means on S.B. No. 1683

The purpose of this bill is to establish a Hawaiian language college at the University of Hawaii at Hilo.

Your Committee finds that the Hilo campus has a thriving Hawaiian language and Hawaiian studies program, and that it is the home of the newly created master's degree program in Hawaiian language and literature. The University of Hawaii at Hilo is also the home of Hale Kuamo'o Hawaiian Language Center, a program of the University of Hawaii at Hilo that provides teacher training, curriculum development, indigenous outreach, language planning including new language development, archival work, and the development of educational technology including the first computer service in the world in an indigenous language. Hale Kuamo'o would be an invaluable resource in the establishment of a Hawaiian language college.

The establishment of a Hawaiian language college at Hilo will serve as a focal point for the State's efforts to revitalize the Hawaiian language. Your Committee notes that this bill will also help the State take advantage of federal matching funds for Native American Colleges, currently set at \$3000 per student. The college will not take money away from the University of Hawaii at Hilo; in fact, it will bring increased funds to the school, enhancing the reputation of and bringing benefits to the university, the Hawaiian community, and the community of Hilo.

After due consideration, your Committee has amended this bill by deleting reference to specific positions for the Hawaiian language college. This will provide greater flexibility to the university in determining its staffing requirements.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1683, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1683, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Kawamoto, Levin).

SCRep. 878 Ways and Means on S.B. No. 1628

The purpose of this bill is to authorize the Department of Education to hire retired teachers who participated in the early retirement incentive program of 1995 to fill positions in various geographic regions and provide staff support in various instructional areas.

Your Committee finds that the early retirement incentives offered to state employees in 1995 lured many highly qualified teachers into early retirement--resulting in shortages of teachers in various instructional fields such as math and science, and geographic areas such as the neighbor islands. Moreover, the current pool of applicants for teaching positions indicates persistent shortages in these areas for the next five years.

To avert this situation, your Committee finds that the Department of Education should be authorized to rehire teachers who participated in the early retirement program of 1995. These qualified instructors will provide instructional support on a year-to-year basis for a sufficient time until the problem of teacher shortages can be resolved. This bill provides the Department of Education with the authority to offer the necessary incentives to rehire qualified instructors, specifically, the ability to return to the work force without any loss of retirement benefits.

Your Committee has amended this bill by:

- (1) Providing for the automatic repeal of this bill by operation of law at the end of the 1997-1998 school year, instead of the 2002 school year;
- (2) Changing the annual salary rate for rehired temporary teachers from \$35,000 to an unspecified amount; and
- (3) Making a technical, nonsubstantive change for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1628, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1628, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Kawamoto, Levin).

SCRep. 879 Ways and Means on S.B. No. 1636

The purpose of this bill is to remove the cap on the number of members which may be appointed to the International Advisory Board of the East West Center.

Your Committee finds that the Advisory Board has been a valuable asset to the work of the East West Center. Giving the center the ability to expand the board to encompass additional resources will give the center flexibility to expand and diversify the board to further suit its needs.

Your Committee has amended this bill by setting out the section being amended rather than a single paragraph.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1636, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1636, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Taniguchi, Anderson).

SCRep. 880 Ways and Means on S.B. No. 1336

The purpose of this bill is to clarify the role and responsibility of the Research Corporation of the University of Hawaii (RCUH).

Your Committee finds that although training is implied within the scope of RCUH's purposes, it is not expressly required. This measure will clarify the legislative intent with respect to RCUH.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1336 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Taniguchi, Anderson).

SCRep. 881 Ways and Means on S.B. No. 969

The purpose of this bill is to abolish the \$25 fine limit the University of Hawaii Board of Regents may impose on vehicle violations.

Your Committee finds that deletion of the statutory ceiling would enable the University to adjust its parking fines to more closely conform with the fines currently authorized under City and County of Honolulu regulations. The lack of uniformity in parking fines among all government entities makes enforcement difficult. Currently, the Honolulu Police Department may also ticket cars on campus at their discretion invoking a different fine schedule. A standardized fine schedule would assist the University as well as the Honolulu Police Department.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 969 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Taniguchi, Anderson).

SCRep. 882 Ways and Means on S.B. No. 1548

The purpose of this bill is to make an emergency appropriation of \$55,402,862 to the State Medical Assistance Program.

Your Committee finds that the Medicaid program will expend all appropriated funds before the end of the current fiscal year. As a result, the Department of Human Services will be unable to meet its fiscal obligation to provide health care services to Medicaid recipients.

Your Committee also finds that the increase in eligible recipients coupled with the increase in health care costs in Hawaii have created this financial situation. The extent of the increase in costs was not anticipated and reflects an unusually high escalation over the previous year.

Your Committee further finds that preventive treatments are the best way to combat increased health costs for medical conditions that could have been prevented or treated in a less critical condition. It is in the best interest of the State to ensure access to primary and preventive health care to all its residents. One strategy is to support a system of nonprofit community health centers that meet the criteria for Hawaii Qualified Health Centers in areas with high socio-economic needs and few health care providers.

Your Committee has amended this bill by reducing the sum appropriated from \$55,402,862 to \$53,895,408, and including a condition that \$1,500,000 shall be used to provide a wraparound payment to Waianae Coast Comprehensive Health Center.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1548, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1548, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 883 Ways and Means on S.B. No. 242

The purpose of this bill is to authorize the State Ethics Commission to initiate complaints concerning alleged violations, render informal advisory opinions, and publish summaries of decisions, advisory opinions, and informal advisory opinions with respect to lobbyist registration and disclosure.

Your Committee finds that this bill extends to the Ethics Commission, with respect to lobbyist registration, the same oversight authority that Ethics Commission has for violations of the ethics code.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 242, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 884 Ways and Means on S.B. No. 719

The purpose of this bill is to increase the salaries of the various justices and judges throughout Hawaii's court system.

Your Committee finds that judges and justices of the State's courts have not received a salary increase since 1990. At present, Hawaii's judicial salaries rank 47th among the fifty states when adjusted for the cost of living in Hawaii. At the federal level, it is notable that the lowest paid federal magistrate makes \$28,132 more than our Chief Justice. While economic reward should never be the primary objective in public service, fair and adequate compensation is necessary to attract and retain the finest judges.

Your Committee has amended the bill by deleting pay raises for 1996 and by providing that the raises contained in the bill shall only be granted after the judge or justice begins a second term in office and by removing the specified dollar amounts appropriated to cover the costs of implementing the raise.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 719, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 719, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Tanaka).

SCRep. 885 Ways and Means on S.B. No. 831

The purpose of this bill is to make changes to the campaign spending law in a variety of areas including candidate loans, activities of noncandidate committees, reporting requirements by committees with little or no contributions or expenditures, qualifying contributions for various races on neighbor islands, and use of public funds.

Your Committee received testimony in favor of the measure from the Mayor of the City and County of Honolulu. Your Committee also received testimony from the Campaign Spending Commission and from Common Cause Hawaii, expressing reservations that the loan restrictions were not strong enough. The Democratic Party of Hawaii deferred to the Campaign Spending Commission.

Your Committee received testimony in opposition to the measure from the State Attorney General.

Your Committee finds that this bill makes a start toward correcting shortcomings in the campaign spending law--changes that will streamline reporting requirements and improve the administration of the law. More significantly, your Committee believes that this measure effectively closes a significant "loophole" in the campaign spending law by requiring that loans (other than loans from commercial lending institutions secured by the candidate's personal assets) that are not repaid by the final day of the election period be treated as campaign contributions. This change will also bring the State's campaign spending law into line with federal election laws to the extent that loans from commercial lending institutions are subject to federal and state laws regulating financial institutions. Your Committee agrees with the Campaign Spending Commission that the lack of controls over candidate loans allows candidates and donors to easily circumvent contribution limits by having the donor make a "loan" to the candidate which is never repaid. Treating the unpaid loan as a contribution will help to eliminate this practice.

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

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 831, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 831, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 886 Ways and Means on S.B. No. 871

The purpose of this bill is to establish a permanent permit process task force within the Department of Business, Economic Development, and Tourism to assist the Department in streamlining and facilitating the state permit approval process.

In addition, this bill makes the Department of Business, Economic Development, and Tourism the lead agency for administering and facilitating the consolidated application process for any construction project that requires both county permit applications and state agency approval.

Specifically, this bill requires the permit process task force to:

- (1) Examine the consolidated application process and review all state agency rules pertaining to the state permit approval process to determine the source of inefficiencies, delays, and duplications, and the status of permits in progress;
- (2) Identify all permits and approvals that the State currently requires from applicants seeking approvals for projects that require county permit applications;
- (3) Recommend which permits should be approved by administrative rule (permit by rule) and which permits should be approved by review by the appropriate state departments (permit by review), including the justification for approving each permit by rule or by review;
- (4) Adopt a plan and make recommendations to enable all applicants seeking state agency approval for permits, to undergo the permit by rule procedure, rather than the permit by review procedure; and
- (5) Provide recommendations to expedite and facilitate the permit approval process within each state agency for applicants seeking state permit approvals to start construction.

Your Committee finds that a vigorous construction industry is crucial to the overall economic health of the State, and that any effort to stimulate Hawaii's construction industry would invigorate the state economy. Government can facilitate construction growth by reducing the paperwork, red tape, and time required to obtain the licenses, permits, and approvals required by state agencies for county building projects. Greater coordination of state and county regulatory procedures can also reduce the time it takes for applicants to obtain the required approvals from state and county agencies to begin construction.

Your Committee has amended this bill to correct a misspelled word.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 871, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 871, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Anderson).

SCRep. 887 Ways and Means on S.B. No. 1372

The purpose of this bill is to increase the small purchase level that is exempt from formal bidding requirements from less than \$10,000 to less than \$50,000 for services and from less than \$25,000 to less than \$50,000 for construction.

Your Committee finds that there has been an upward trend of dollar thresholds for sealed bids in recent years, and that the simplified procedures applicable to small purchases maintain the spirit of the procurement law and are both reasonable and appropriate for the new levels.

Your Committee has amended this bill by limiting the time the increase in these thresholds is effective to a period of five years.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1372, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1372, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Taniguchi, Anderson).

SCRep. 888 Ways and Means on S.B. No. 1806

The purpose of this bill is to appropriate funds to support the continued development, promotion, and marketing by the State, of sports tourism, including such events as the NFL Pro Bowl, the Hawaiian Open, other major professional golf tournaments, the Honolulu Marathon, the Trans-Koolau Race, major league baseball games and the winter baseball league, processing camp for the U.S. ParaOlympics Team prior to the Nagano Winter ParaOlympics, and activities related to the 2000 Summer Olympics Games.

Your Committee received testimony in support of this measure from the department of business, economic development, and tourism, the Chamber of Commerce of Hawaii, and the Hawaii Pacific Sports, Inc.

Your Committee finds that well-established sporting events promote Hawaii as a desirable visitor destination through national and international television exposure and encourage the expansion and attraction of businesses by enhancing Hawaii's image as a health and fitness center. Participants and spectators who come to Hawaii especially for these events also provide direct support for our visitor industry.

Although Hawaii is known as home to the National Football League (NFL) Pro Bowl and the Hawaiian Open, as well as other major professional golf tournaments and the winter baseball league, the process of retaining and attracting quality sporting events has become more and more competitive with the downturn in the economy on the national and international levels. Nearly every major visitor destination in the county has formed an independent or cooperative effort to develop and promote its sports tourism industry, with more than two hundred such organizations formally existing on the mainland. With the contract for the Pro Bowl lapsing after next year's game, there will be stiff competition as other locations, including Orlando, Florida, bid against Hawaii for the rights to hold the game.

Your Committee is aware that the loss of the Pro Bowl would have an enormous negative impact on the State's economy. Although the figures for the 1997 event have not been completed as yet, the 1996 Pro Bowl game brought in an approximate \$104 million in total visitor expenditures. This does not include the amount of publicity that was generated by the NFL prior to and during the event.

In contrast to the Hawaii Visitors and Convention Bureau, which has primary responsibility, as part of its overall tourism plan, for the promotion and marketing of these major sporting events, the department of business, economic development, and tourism's (DBEDT) primary focus in this area has been on providing seed money for new and developing sports events that may support and stimulate local businesses and create jobs. As an example, DBEDT is working with Hawaii Pacific Sports, Inc. (HPS), a private nonprofit corporation, with regard, among other things, to promoting Hawaii as the potential site of the Olympic processing camp and final training camp and related activities prior to and after the completion of the Summer Olympic Games in Australia in the year 2000. Through the efforts of the HPS, Hawaii was recently named the site of the U.S. ParaOlympics Team Processing Camp next year, prior to the Nagano Winter ParaOlympics.

In addition, DBEDT is involved in an ongoing project to attract major league baseball to Hawaii and is working closely with the Aloha Stadium Authority and the private sector to bring regular season games to Hawaii. DBEDT also is working with the Department of Transportation to promote the Trans-Koolau race at DBEDT supported activities, such as the Japan External Trade Organization.

Your Committee finds that this bill is necessary to the continued development and promotion of Hawaii's sports tourism industry and will enable it to remain aggressively competitive within the industry.

Your Committee has amended this bill by changing the amount appropriated to an unspecified amount to facilitate continuing discussion on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1806, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1806, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Iwase, Levin, Taniguchi, Anderson).

SCRep. 889 Ways and Means on S.B. No. 1005

The purpose of this bill is to make an appropriation to promote the activities of the Hawaii Winter Baseball League, and to authorize the issuance of general obligation bonds for an Oahu sports recreational complex.

Your Committee finds that Hawaii Winter Baseball League is entering its fifth year of increased success. Its operations have assisted in tourism diversification efforts and have the potential to attract increased media attention in Japan, one of the major visitor industry target markets. Increased funding will help make Hawaii Winter Baseball League instrumental in promoting Hawaii as a desirable visitor destination.

Your Committee finds that there is a dearth of adequate playing facilities for baseball and other sports, and that Oahu has a sufficient number of professional and amateur athletes to make a sports complex viable. Appropriate athletic facilities will also help to increase the visitor industry niche for athletes and help spur tourism from all over the world.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1005, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Ige, M., Iwase, Taniguchi, Anderson).

SCRep. 890 Ways and Means on S.B. No. 1171

The purpose of this bill is to require that all green coffee beans grown in the State and transported out of their geographical area be inspected and certified by the Department of Agriculture for grade and origin unless exempted by rule, and to appropriate \$10,000 to train new coffee inspectors.

Your Committee finds that coffee grown in this State is a world famous gourmet item and can command a premium in sales throughout the world. Currently, a voluntary grading and certification program is available through the Department of Agriculture. However, sales of non-Hawaii coffee labeled as Hawaii coffee have come to light. This could have a serious impact on Hawaii's coffee sales if consumers come to associate inferior coffee with the Hawaii name. Protection of the name and quality of Hawaii-grown coffee is imperative.

In order to preserve the cachet of the name and to give the industry better control of the quality of coffee that enters commerce labeled as grown in Hawaii, this bill will make inspection and certification mandatory for all Hawaii-grown green coffee beans. Your Committee finds that this mandatory program will be an important step in protecting the state coffee industry. Your Committee notes that the appropriation for training new coffee inspectors is to be repaid to the general fund by June 30, 1999 from persons using the coffee inspection system.

Your Committee has amended this bill by changing the appropriation to \$1.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1171, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1171, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Ige, M., Iwase, Taniguchi, Anderson).

SCRep. 891 Ways and Means on S.B. No. 1889

The purpose of this bill is to create a five-year pilot program, within the department of land and natural resources for administrative purposes, to turn the Ala Wai Marina over to community-based management in accordance with an operating agreement with the department.

Your Committee finds that community-based management is worthy of pursuit as a means of restructuring the State's small boat harbors and reducing existing bureaucracy and streamlining government services, thereby increasing efficiency. Furthermore, your Committee finds that community-based management of small boat harbors will foster greater responsibility and accountability in the management such harbors.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1889, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Ige, M., Iwase, Taniguchi, Anderson).

SCRep. 892 Ways and Means on S.B. No. 1934

The purpose of this bill is to appropriate moneys to the Department of Transportation for a study of the management of airport revenues.

Your Committee has amended the bill by deleting the provisions of the bill and substituting therefor provisions that authorize the expenditure of moneys from the Airport Revenue Fund for the purpose of enabling the Department of Transportation, in consultation

with the Attorney General, to use as legal fees to challenge the anticipated Federal Aviation Administration ruling that Airport Revenue Fund moneys cannot be used to pay the Office of Hawaiian Affairs its pro rata share of ceded land revenues.

Your Committee held a public hearing and received testimony on a proposed version of the abovementioned amendments. Testimony in support of the measure was submitted by the Office of Hawaiian Affairs. Testimony in opposition to the bill was submitted by the Department of the Attorney General, the Department of Transportation, the Air Transport Association, and the Airlines Committee of Hawaii.

Your Committee finds that since July 1996, the State has been withholding a portion of moneys derived from the Airport Revenue Fund in satisfaction of the State's obligation to pay a pro rata share of revenues derived from the use of ceded lands. This action was necessary due to an audit by the Federal Office of the Inspector General finding that the disbursement of funds from the Airport Revenue Fund to the Office of Hawaiian Affairs may be an improper use of airport revenue. In September 1996, the Office of the Inspector General submitted its audit findings to the Federal Aviation Administration for review and comment. The Federal Aviation Administration is expected to issue a ruling on this matter this year.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1934, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1934, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, none. Excused, 3 (Fernandes Salling, Iwase, Anderson).

SCRep. 893 Ways and Means on S.B. No. 632

The purpose of this bill is to establish a three-year demonstration project in selected areas on county highways in the City and County of Honolulu to provide for the implementation of photo radar and photo red light systems to improve traffic enforcement.

Specifically, photo radar is a device used for traffic enforcement consisting substantially of a low power doppler radar unit and a camera mounted in or on a vehicle that automatically produces photographic identification of a vehicle traveling in excess of the legal speed limit. Photo red light is a device used for traffic enforcement consisting substantially of a vehicle sensor installed to work in conjunction with a traffic-control signal that automatically produces photographic identification of a vehicle which disregards a steady red signal.

In addition, this bill increases fines for violations to offset costs paid to a private contractor for operating the two systems; allows the county to contract with an appropriate provider of these systems pursuant to the public procurement laws; permits the contractor to have access to motor vehicle records to implement the systems; allows the contractor to issue citations or summonses by mail; and appropriates unspecified sums to the Honolulu Police Department and the Traffic Violations Bureau to establish and carry out the purposes of the demonstration project.

Your Committee finds that speeding--whether on a highway or through a red light--frequently causes injury and death. When speeding occurs, the accidents involved are almost always more serious. Photo radar and photo red light systems have been proven in many locations throughout the United States, Canada, Europe, and numerous other countries around the world as deterrents to red light traffic violations and speeding, and, consequently, injuries and death. Your Committee also finds that there is an immediate need to remedy the steadily worsening traffic conditions in Hawaii, and that the implementation of photo radar and photo red light systems will help to protect the health, safety, and welfare of the people of this State, while at the same time offering substantial cost savings and increased revenues.

Your Committee has amended this bill by:

- (1) Deleting the provisions appropriating unspecified amounts to the Honolulu Police Department and the Judiciary for each fiscal year of the 1997-1999 biennium;
- (2) Clarifying that the insurance commissioner (rather than "the firm") is to determine the adequacy of the plan of insurance required to be prepared by the contractor; and
- (3) Making a technical, nonsubstantive change for purposes of clarity.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 632, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 632, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 894 Ways and Means on S.B. No. 1618

The purpose of this bill is to establish a transportation improvement special fund to assist developers in the development of transportation improvements required as a condition of development.

Your Committee finds that establishing the special fund is a requirement of the Federal Highway Administration for the use of federal fund reimbursements. The special fund will be used to finance projects consistent with the state transportation plan under chapter 279A, Hawaii Revised Statutes. Developers will be offered a financing option to fulfill their financial obligation for the costs of required transportation projects if these projects meet federal and state eligibility requirements.

Loan repayments received from developers will be paid into the fund and used to finance other priority projects. This mechanism will enable the implementation of high priority transportation projects in a timely manner.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1618, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 895 Ways and Means on S.B. No. 1619

The purpose of this bill is to establish uniform penalties for unauthorized or improper use of public and private parking spaces that are reserved for disabled persons.

Your Committee finds that by clarifying the definition of "disabled person", adding definitions for "parking space reserved for disabled persons" and for "sign designating the parking space as reserved for disabled persons", consistency will be assured in all public and private parking lots across the State. This will help the disabled who travel between islands and who have occasion to park in a variety of parking areas.

Furthermore, your Committee finds that by specifying the fine at not less than \$150 nor more than \$500 for unauthorized or improper use of public and private parking spaces that are reserved for disabled persons, the potential violator of this privilege immediately will be aware of serious consequences for abuse, thus making the system of enforcement more meaningful.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1619 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Kawamoto).

SCRep. 896 Ways and Means on S.B. No. 45

The purpose of this bill is remove the acreage requirements imposed upon the department of land and natural resources regarding land to be set aside or acquired to establish veterans cemeteries on the islands of Hawaii, Maui, Kauai, Molokai, and Lanai.

Your Committee finds that the requirements for specific acreage to be set aside or acquired for veterans cemeteries are moot, as the requirements have been met or exceeded in each instance, with plans for continued expansion of the veterans cemetery in Hilo by an additional seven acres and in Kauai by another six acres, and the new West Hawaii Veterans Cemetery will have well over ten acres developed, with approximately ninety acres available.

Furthermore, your Committee finds that, due to its island topography, Hawaii has the distinction of having more veterans cemeteries than any other state.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 45, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 897 Ways and Means on S.B. No. 1773

The purpose of this bill is to increase the advance disposal fee charged to glass container importers from one and one-half cents to two and one-half cents per glass container, beginning July 1, 1997.

The bill also clarifies that the Legislature may modify the fee amount, from time to time, as necessary to achieve the glass recovery program goals contained in section 342G-82, Hawaii Revised Statutes.

Your Committee finds that the current advance disposal fee program, which assesses fees on glass containers at the point of entry into the State, is an efficient and cost-effective program aimed at glass recovery. Your Committee further finds that this program is superior to glass container deposit and refund programs, the cost of which would far exceed the current system and which would be highly labor intensive, space costly, and fuel wasteful, and would create sanitation problems for grocery stores and other collection sites.

Upon further discussion with representatives of the food and beverage industry, the counties, and the Department of Health, however, your Committee believes that a two cents per container fee is the more appropriate funding level for glass recycling programs. Your Committee has also changed the effective date of this measure to January 1, 1998.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1773, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1773, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Kawamoto, Levin).

SCRep. 898 Ways and Means on S.B. No. 1032

The purpose of this bill is to regulate the profession of marriage and family therapists.

Your Committee agrees with the intent of this bill to establish standards of education, qualifications, and experience for persons seeking to represent themselves as marriage and family therapists, and that it is in the public's interest to maintain the highest quality family therapy in Hawaii.

Your Committee finds that this measure is especially necessary given the increasingly high rates of domestic violence, including spouse and child abuse, combined with alcohol and drug abuse in Hawaii's families. Your Committee further notes that while thirty-seven other states currently regulate and license marriage and family therapists, there are no safeguards in place in Hawaii to ensure that consumers of these services, many of whom are at a vulnerable position in their lives, are obtaining the highest quality of services available.

Upon further consideration, your Committee has amended this bill by replacing the amount appropriated in section 3, with the amount of \$1 for fiscal year 1997-1998, to facilitate further discussion on the funding necessary to carry out the purposes of this measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1032, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1032, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Ige, M., Iwase, Taniguchi, Anderson).

SCRep. 899 Ways and Means on S.B. No. 1925

The purpose of this bill is to give the insurance commissioner discretionary authority to adjust workers' compensation insurance rates that are excessively high or unconscionably low. Furthermore, this bill also authorizes the insurance commissioner to order insurers to rebate any savings to insureds which accrue between the commissioner's approval of a rate reduction and the expiration of the policy.

Your Committee finds that this measure is necessary to facilitate the workers' compensation reforms envisioned under Act 234, Session Laws of Hawaii 1995. Although concerns may exist in certain quarters, your Committee believes that the inherent public policy is sound. Authorizing the Commissioner to order an immediate return of savings to policyholders serves to correct present inequities resulting from an insurer's maintaining of excessive premium rates and profits.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1925, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Ige, M., Iwase, Taniguchi, Anderson).

SCRep. 900 Ways and Means on S.B. No. 1859

The purpose of this bill is to authorize the counties to establish fees for the reproduction of electronic data.

In these lean budgetary times, having the ability to recover the cost of developing computer systems will help the counties recover their investment costs while providing access to more government information and services. Your Committee finds that this bill makes reasonable accommodations for public purposes as well as for purposes like academic research, by providing for waivers of fees under those circumstances.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1859, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 901 Ways and Means on S.B. No. 961

The purpose of this bill is to establish a legal framework for using digital signatures as a means of authenticating computer-based information.

Your Committee finds that digital signature technology stems from the need in this age of electronic commerce to sign computer-based documents such as e-mail messages, documents within e-mail messages, and other legal or official document filings. Signing an electronic document directly, in its electronic form, eliminates the need to put the document on paper in order to sign it. Once a document is reduced to paper from its electronic origin, it is rendered much less usable in digital information and other electronic commerce systems.

Digital signature technology provides a means of signing electronic documents with reliability equal to or surpassing that of paper signatures. It is essential, however, to establish a legal framework to assure the accurate link of an identified person with a signature key.

Your Committee notes that the Judiciary is now developing a pilot project that will use a computer-based digital and electronic filing, storage, and retrieval system to interface with the new statewide integrated court system. This new system promises to significantly reduce the cost of administering the court system, while enhancing system efficiency.

The effective date of this measure, July 1, 1998, is intended to give the Department of Commerce and Consumer Affairs (DCCA) the benefit of reviewing the initial results of the Judiciary's pilot program.

Your Committee has amended this measure by establishing a digital signature special fund to collect fees imposed by DCCA under the new chapter. Moneys in the fund shall be expended by DCCA for purposes of the new chapter.

In establishing the special fund, your Committee intends that DCCA's certification function be fully self-supporting.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 961, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 961, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Tanaka).

SCRep. 902 (Majority) Ways and Means on S.B. No. 852

The purpose of this bill is to create a time share citation special fund, to be funded by persons licensed under the time share law, and to enable the funds to be used to cite licensees violating the time share laws.

Testimony in support of the bill was received from the Department of Commerce and Consumer Affairs, the Lahaina Town Action Committee, and an individual. Testimony in opposition was received from The Bay Club Ownership Resort, Inc.

Your Committee finds that the time share industry is heavily dependent on marketing to visitors. High pressure sales tactics are often used to cajole unsuspecting visitors into time share presentations and subsequent sales through offers of discounted vacation activities. Numerous calls have been received from visitors, but few formal complaints have been filed as visitors prefer not to spend their vacations filing complaints with state agencies. The State has laws prohibiting certain practices relating to time share sales; the problem is in the enforcement. The Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs has sent out investigators, but it has insufficient staff to monitor this problem on a frequent basis. Failure to enforce the existing laws tempts time share licensees to not comply when their competitors do not comply, in order for them to maintain a competitive share of the market.

This bill would require all persons licensed under the time share law to pay \$200 every two years to fund the hiring of investigators to assist in enforcing the time share laws. Your Committee notes that other professions, such as attorneys, have a fee imposed on all members to fund the disciplinary programs for the few who require them.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 852, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, 1 (Ige, M.). Excused, 3 (Iwase, Levin, Taniguchi).

SCRep. 903 Ways and Means on S.B. No. 1535

The purpose of this bill is to amend various provisions of the Insurance Code dealing with the filing of reports.

Specifically, this bill:

- (1) Increases the fee when a service is made upon the commissioner. The cost of registered mailings is more than the current \$7.50. The increase to \$12 is the break even amount for registered mailings;
- (2) Clarifies deadlines for the filing of annual and quarterly reports, and penalizes insurers who fail to file their reports on a timely basis. Adding a penalty will discourage non-filing or late filing of reports. The penalty provision is similar to other penalty provisions found throughout the Insurance Code;
- (3) Clarifies that audited financial statements are to be prepared in accordance with the practices and procedures of the National Association of Insurance Commissioners (NAIC). Since Hawaii's accreditation by the NAIC, the State has been attempting to follow the NAIC accreditation team's recommendations;
- (4) Deletes a table for computing unearned premium reserve, which is now obsolete;
- (5) Changes the filing requirement for the drivers education underwriter's fee from a quarterly to annual basis. This amendment will significantly reduce the workload in collecting the drivers education fee;
- (6) Requires the filing of financial statements according to statutory accounting principles and not generally accepted accounting principles. Requiring only statutory accounting principles should eliminate inconsistencies in reporting of assets and surplus by association and risk retention group captives;
- (7) Amends the definition of "liability" and "personal risk liability" to make these definitions consistent with the Federal Liability Risk Retention Act of 1986. Several purchasing groups have threatened the State with a lawsuit because of the State's deviation from the Federal Risk Retention Act; and
- (8) Conforms the State's notice and registration requirements for purchasing groups with the requirements contained in the Federal Liability Risk Retention Act of 1986.

Your Committee received testimony in support of this measure from the state Insurance Commissioner and the Administrative Director of the Courts.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1535, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 904 Ways and Means on S.B. No. 1924

The purpose of this bill is to require insurers to respond in writing within fifteen working days to any oral or written inquiry made by the Insurance Commissioner (Commissioner) regarding a claim or consumer complaint.

Your Committee believes that the Commissioner deserves to have the utmost cooperation from insurers against whom a complaint has been filed or a claim has been made. Therefore, a prompt written response to the Commissioner is essential to allow the Commissioner to fulfill statutory obligations.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1924, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Ige, M., Iwase, Taniguchi, Anderson).

SCRep. 905 Ways and Means on S.B. No. 145

The purpose of this bill is to repeal a one percent tax credit for insurance companies who maintain financial books and records, employ financial personnel, and maintain a customer service center in Hawaii. Additionally, this bill amends the definition for "expenses" by repealing the provision relating to insurer tax credits not reducing expenses.

Your Committee received testimony supporting this measure from the State Attorney General; the Department of Budget and Finance; the Department of Taxation; Goodsill, Anderson, Quinn & Stifel, Attorneys at Law; and an interested citizen. Testimony opposing this measure was received from Furutani, Sato & Komatsubara, Attorneys at Law. The Tax Foundation of Hawaii commented on this measure.

Your Committee finds that prior to Act 236, Session Laws of Hawaii 1992, a higher tax rate was imposed on foreign insurance companies. Act 236 equalized the tax rate for foreign and domestic insurance companies but authorized a tax credit for insurance companies with Hawaii connections.

Your Committee also finds that sixty foreign insurance companies filed a lawsuit challenging the tax credit. In 1992, the Tax Appeal Court held the previous insurance premium tax rate differential of one percent to be unconstitutional. On March 21, 1996, the State and foreign insurance litigants settled their current case contingent on repeal of the insurance premium tax credit. As of January 31, 1997, \$30.5 million is still tied up in the litigated claims fund.

Your Committee further finds that the tax credit costs the State approximately \$6.4 million annually in lost tax revenue from domestic insurers, and \$4 million in taxes from foreign insurers which are being paid into escrow pending resolution of the litigation.

Your Committee notes that the repeal of the tax credit would promote fairness and equity among all insurance companies.

Your Committee has amended this bill by making it effective on July 1, 3001, and changed the other effective dates in the bill in order to further discussion.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 145, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 145, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Kawamoto).

SCRep. 906 Ways and Means on S.B. No. 1874

The purpose of this bill is to facilitate the transition of public assistance recipients from dependence to self-sufficiency by establishing policies that eliminate employment disincentives, enhance work readiness, and promote creation of new job opportunities by government, community organizations, and private businesses.

Specifically, this bill requires the Department of Human Services to develop for implementation the following initiatives, assisted by the departments as indicated:

- (1) Eliminating barriers to work and enhancing work readiness, with the assistance of the Department of Labor and Industrial Relations:
 - (A) Child care: develop a prospective pay-as-you-go reimbursement system where payments are made by the Department either directly to the child care provider or jointly to the provider and the recipient and where providers are held liable for overpayments resulting from fraud. Also develop a system to authorize payments for activities collateral to work and work training;
 - (B) Long-term learning: develop a process to facilitate student enrollment;

- (C) Work preparation: develop a program to make skill-building and other job-readiness training opportunities available; and
- (D) Identification of impediments to work: perform a study of the Department's policies and procedures to determine the impact of existing state law on recipients' efforts to secure and retain work; and
- (2) Creating jobs and eliminating poverty, with the assistance of the Departments of Labor and Industrial Relations and Business, Economic Development, and Tourism:
 - (A) Grant diversion: develop a process to divert public assistance payments from direct grants to wage subsidies for employers who hire recipients;
 - (B) Micro-enterprises: develop a plan to facilitate private entrepreneurship by recipients through savings and pooled investment resources and technical assistance; and
 - (C) Willing to work safeguard: develop a plan to initiate a public works and community jobs program of last resort for recipients willing but unable to find work and for long-term unemployed residents.

The bill also requires the Department of Human Services to encourage local community involvement in planning and implementing the grant diversion program by cooperating with the Office of Community Services. The bill further requires the Department to ensure that employment related services provided under the State's Temporary Assistance to Needy Families block grant do not displace services provided by the Office of Community Services. Finally, the bill requires the Department to finalize these initiatives no later than November 30, 1997, report to the Legislature no later than December 31, 1997, and begin implementation no later than January 1, 1998.

Your Committee believes that a comprehensive effort to facilitate the transition of welfare recipients to work is timely and necessary. This bill takes a significant step towards that goal.

However, your Committee believes that the Department of Human Services should be given greater flexibility in developing certain of these programs. Accordingly, your Committee has amended this bill to allow, rather than require, the Department to develop the programs and initiatives contained in section 2 of the bill to eliminate barriers to work and enhance work readiness. At the same time, the Departments of Human Services, Labor and Industrial Relations, and Business, Economic Development, and Tourism will develop programs and initiatives under section 3 of the bill to spur job creation and eliminate poverty. Language in section 3 of the bill is also clarified to include the long-term unemployed in such areas as Kauai, Molokai, parts of the island of Hawaii, and rural Oahu.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1874, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1874, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Kawamoto, Levin).

SCRep. 907 Ways and Means on S.B. No. 1470

The purpose of this bill is to divert all moneys generated by the rental motor vehicle and tour vehicle surcharge tax from the highway fund to the state general fund until June 30, 1999, and to make a one-time transfer of \$22,559,000 from the highway fund to the state general fund before July 1, 1997.

Your Committee received testimony in support of this measure from the Hawaii State Teachers Association, and the state Director of Finance. Testimony opposing this measure was received from Alamo Rent a Car, Inc.; the Hawaii Transportation Association; and CATRALA-HAWAII, an organization whose membership consists of most of Hawaii's car rental and vehicle-leasing companies and many industry-related businesses. Informational testimony was received from the Tax Foundation of Hawaii.

Your Committee finds that the temporary diversion of moneys generated by the rental motor vehicle and tour vehicle surcharge tax from the highway fund to the state general fund is needed to balance the State's budget. Your Committee believes that the State's economy is on the road to recovery and that future increases in the fuel tax can be kept to a minimum if general excise tax revenues increase. The State is facing a fiscal crisis today--not tomorrow or at some statistically-calculated moment in the future, and it must deal with this crisis using the resources that are available today. By diverting these funds into the general fund the State will realize \$22,000,000 a year. Without these funds the State would need to find other revenue sources or further cut operating expenses or programs.

Your Committee amended this bill by:

- (1) Amending section 251-2, Hawaii Revised Statutes, to delete the present rental motor vehicle surcharge and tour vehicle surcharge tax rate and replace them with unspecified tax rates, to be set at a later date at appropriate levels;
- (2) Deleting the one-time transfer from the highway fund; and
- (3) Clarifying the two-year transfer to the general fund.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1470, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1470, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 9. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 908 Ways and Means on S.B. No. 1302

The purpose of this bill is to convert the advisory commission on employment and human resources into the workforce development council.

Your Committee finds that the increased duties of the new workforce development council will assist the people of the State by consolidating and streamlining state functions, thus enabling government to operate more efficiently by eliminating overlapping functions. The duties of the council will also help the State to meet the challenges of future economic development.

Your Committee has amended this bill by specifying that the council's duties include those of the former tourism training council, job training coordinating council, and the job service employers committee, and provides for the transfer of appropriations, records, equipment, and property of those agencies to the council.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1302, S.D. 1, as amended herein and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1302, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 909 Ways and Means on S.B. No. 1881

The purpose of this bill is to establish a benchmarking pilot project on the Waianae Coast.

Your Committee finds that benchmarking is a community-wide process that allows communities to set visions, goals, and benchmarks so that outcomes, or the results of government spending, are measured, rather than inputs, which is how much is spent. Benchmarking can integrate planning over different sectors in each community as the benchmarking process gives the whole community common goals for developing the economy and improving the quality of life.

Ke Ala Hoku is a benchmarking process started by private organizations, which has focussed on the Waianae Coast to demonstrate the benefits of benchmarking, with the Waianae Coast Coalition serving a leadership role. Relevant state agencies, including the Department of Business, Economic Development, and Tourism and the Department of Human Services are directed by this measure to assist Ke Ala Hoku and the Waianae Coast Coalition in furthering the benchmarking process.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1881, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 910 Ways and Means on S.B. No. 1023

The purpose of this bill is to strengthen the State's dislocated workers law.

Specifically, this bill: extends to sixty days the present forty-five day notification period, required of employers for a closing, partial closing, or relocation; and imposes civil penalties upon an employer who fails to provide work during the period of notification.

Your Committee believes that the present forty-five day notice period is too short to enable employees, the community, and public agencies to prepare adequately for the impact of plant closures, partial closures, and relocations. Furthermore your Committee finds that employers who fail to provide work for the affected employees during the notification period undermine the purpose and intent of the required notification, rendering it meaningless. Accordingly, your Committee finds that it is necessary to establish a specific penalty to deter such practices.

Your Committee has amended this bill on line 1 of page 2 to reflect proper ramseyering of new material.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1023, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1023, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 911 Ways and Means on S.B. No. 1293

The purpose of this bill is to allow the conduct of demonstration projects to improve human resource management in the State.

Specifically, this bill allows the Director of Human Resources Development to conduct these demonstration projects to determine whether specific changes in procedures, methods, policies, or statutes can improve human resource management. These projects are not to be limited by the civil service or compensation laws, except that no project may waive or abridge equal employment opportunity or anti-discrimination laws. Further, this bill requires a negotiated agreement with the exclusive representative amending any terms and conditions of a valid collective bargaining agreement if a project involves any modification of those terms or conditions.

This bill also requires that persons who have provided false statements or who used or obtained unauthorized or improper assistance in a civil service examination be deemed ineligible for civil service appointment for a specified period as determined by the Director of Human Resources Development.

Your Committee believes that this bill provides the needed opportunity to the Director of Human Resources Development to improve the efficiency human resource management within the State while providing adequate protections to existing civil service employees.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1293, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 912 Ways and Means on S.B. No. 406

The purpose of this bill is to establish new state objectives and policies regarding workforce development for the economy.

Your Committee finds that in light of the State's bleak fiscal outlook, it is advantageous to undergo a system-wide reorganization of publicly-funded workforce-related programs and services through a collaborative workforce development plan. A comprehensive workforce plan must be developed in order to position Hawaii for the expected workforce block grants from the federal government, and to implement state policies for economic and workforce strategies through the inclusion of local entities in coordination with stakeholders at all levels of government.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 406, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 913 Ways and Means on S.B. No. 739

The purpose of this bill is to clarify that the State is the responsible employer for purposes of workers' compensation coverage when public school and University of Hawaii students perform work for a private employer as part of a work-based learning program, whether paid or unpaid.

In addition, this bill:

- (1) Requires the University of Hawaii to adopt safety guidelines and safety inspection procedures for, and inspect, facilities where students are placed;
- (2) Requires the Department of Education and the University of Hawaii to submit biennial reports to the Governor and the Legislature on the cost impacts to the State of providing workers' compensation coverage for students participating in work-based learning programs.

Your Committee finds that this bill will encourage greater employer participation in work-based learning programs, thereby creating more work-based learning opportunities for public school and University of Hawaii students.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 739, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Anderson).

SCRep. 914 Ways and Means on S.B. No. 1918

The purpose of this bill is to establish a public utilities commission intervenors fund to be administered by the commission to assist intervenors in investigations conducted by or proceedings before the commission.

Your Committee received testimony in support of this measure from: the Consumer Advocate, Department of Commerce and Consumer Affairs; Na Leo Pohai, the Public Policy Affiliate of the Outdoor Circles; the Sierra Club, Hawaii Chapter; and three individuals. Testimony in opposition to the measure was received from: the Public Utilities Commission; Hawaiian Electric Company, Inc.; GTE Hawaiian Telephone Co.; and AT&T Communications of Hawaii.

Your Committee finds that the active participation of community, environmental, and other consumer interest groups have been responsible over the years for bringing important public issues to the Public Utilities Commission's attention. Intervenor funding will enable such groups to continue and enhance their role. Moreover, when the Consumer Advocate must select and advocate one position among conflicting consumer interests, the intervenor funding will permit other consumer groups to present all relevant information to the Public Utilities Commission to ensure all views are sufficiently examined. Your Committee believes that the checks and balances provided in the bill will ensure the intervenors fund is properly administered to provide broader consumer benefit by facilitating community input on public policy.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1918, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, none. Excused, 3 (Iwase, Levin, Taniguchi).

SCRep. 915 Ways and Means on S.B. No. 623

The purpose of this bill is to repeal certain state special and revolving funds and change the revenue source of each special fund program affected to the state general fund.

Your Committee received testimony in general support from the Department of Budget and Finance. The State Attorney General submitted testimony expressing certain concerns with the bill. Testimony in opposition to this measure, in whole or in part, was received from the Department of Agriculture, the Department of Public Safety, the Department of Education, the Department of Business, Economic Development, and Tourism, the University of Hawaii, the Natural Energy Laboratory of Hawaii Authority, the Honolulu Police Department, the Prosecuting Attorney, City and County of Honolulu, the Kauai County Police Department, the Prosecuting Attorney, County of Maui, the Maui County Police Department, the Hawaii County Police Department, the Community Associations Institute, the Greenwood Condominium Association, the High Technology Development Corporation, the Hawaii Independent Condominium & Cooperative Owners, the Hawaii Association of Realtors, the Hawaii State Commission on the Status of Women, the Maui Chamber of Commerce, Management Consultants of Hawaii, Inc., the Hawaii Health Systems Corporation, the Hawaii Council of Association of Apartment Owners, and a private condominium owner.

Your Committee finds that this measure is in line with recommendations contained in the recent Auditor's reports reviewing state special and revolving funds. Your Committee concurs that, to the extent possible, state moneys dedicated to specific purposes should be minimized to allow for a more comprehensive review of statewide program priorities. This is especially important in light of the State's difficult fiscal situation and the continuing need to provide important public services with limited public resources.

Your Committee has amended this measure by:

- (1) Amending section 37-53, Hawaii Revised Statutes, to allow transfer of funds from department of transportation special funds to the general fund which are in excess of requirements for the ensuing three years (current law allows transfers of moneys in excess of requirements for 12 months);
- (2) Amending section 237-31, Hawaii Revised Statutes, to require all general excise taxes derived from the sale of motor vehicle fuel to be deposited into the state highway fund;
- (3) Clarifying that of the amount appropriated to the general fund in Act 218, Session Laws of Hawaii 1995, as amended by Act 287, Session Laws of Hawaii 1996, the amount of \$51,444,996, which was reflected as a personnel cost restriction by the Executive Branch in fiscal year 1996-1997, shall be lapsed back into the general fund; and
- (4) Making several technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 623, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 623, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, (Iwase, Anderson).

SCRep. 916 Ways and Means on S.B. No. 1506

The purpose of this bill is to correct and clarify Act 261, Session Laws of Hawaii (SLH) 1996, which established the Hawaii Employers' Mutual Insurance Company (HEMIC), and to amend the Hawaii Nonprofit Corporation Act to permit HEMIC to be reorganized as a nonprofit corporation.

Your Committee finds that Act 261, SLH 1996, directed that HEMIC be established as a nonprofit corporation. Chapter 415B-4, Hawaii Revised Statutes (HRS), the Hawaii Nonprofit Corporation Act, prohibits any organization subject to insurance laws from forming as a nonprofit corporation. This statutory conflict compelled HEMIC to organize under chapter 415, HRS. This bill clarifies that HEMIC may be reorganized as a nonprofit organization under chapter 415B, HRS.

Your Committee notes this measure will exempt HEMIC from participating in the education and training fund, permit a separate contingent liability for HEMIC members in its high risk division, and establish economic parameters with which HEMIC's directors must comply.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1506, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Ige, M., Iwase, Taniguchi, Anderson).

SCRep. 917 Ways and Means on S.B. No. 1732

The purpose of this bill is to require that the Board of Trustees of the Public Employees Health Fund make the statewide indemnity benefit plan and the statewide service benefit plan self-funded.

Additionally, this measure requires that the board implement self-funded arrangements for these plans not later than July 1, 1998.

Upon further consideration, your Committee believes that it would not be appropriate to immediately require the statewide indemnity plan and the statewide service benefit plan to convert to a self-funded basis. Rather, this type of significant change should come only after a review of the advantages and disadvantages of making such a change.

For this reason, your Committee has amended this bill substantially. Instead of directly mandating the conversion, your Committee has instead provided for a study by the Auditor of the feasibility of making this conversion and has also provided an unspecified appropriation to carry out the study. After reviewing the results of the Auditor's study, the Legislature will be able to make a sounder and better reasoned decision.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1732, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1732, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Kawamoto).

SCRep. 918 Ways and Means on S.B. No. 1377

The purpose of this bill is to require that the joint legislative management committee select an acting director upon the death, resignation, ineligibility, removal, or suspension of the director of the Legislative Reference Bureau (Bureau). The bill also provides that if the joint legislative committee does not select an acting director within thirty days, the first assistant to the director will become the acting director until one is appointed by the legislature.

Your Committee finds that currently in the event of a vacancy, the first assistant automatically becomes the acting director. The process contained in this bill will provide the legislature with more flexibility in addressing future vacancies in this office; and is not intended to be a reflection upon the operations of the Bureau.

Your Committee has amended the bill by making a technical, nonsubstantive change for clarity.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1377, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1377, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Fernandes Salling, Iwase, Anderson).

SCRep. 919 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 148

Recommending that the Senate advise and consent to the nomination of LORNA A. N. ROSA to the Board of Directors of the Hawaii Hurricane Relief Fund, term to expire June 30, 1999.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chun Oakland, Kanno, Solomon).

SCRep. 920 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 155

Recommending that the Senate advise and consent to the nomination of HOWARD A. OKITA to the Motor Vehicle Industry Licensing Board, term to expire June 30, 2000.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chun Oakland, Kanno, Solomon).

SCRep. 921 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 158

Recommending that the Senate advise and consent to the nomination of GUY H. KAULUKUKUI, PH.D., to the Board of Private Detectives and Guards, term to expire June 30, 1998.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chun Oakland, Kanno, Solomon).

SCRep. 922 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 159

Recommending that the Senate advise and consent to the nomination of JACK KELLNER to the Board of Public Broadcasting, term to expire June 30, 2000.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chun Oakland, Kanno, Solomon).

SCRep. 923 Government Operations and Housing on Gov. Msg. No. 147

Recommending that the Senate advise and consent to the nomination of STEVEN J. NISHIMURA to the Hawaii Housing Authority, terms to expire June 30, 1997 and June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 924 Government Operations and Housing on Gov. Msg. No. 152

Recommending that the Senate advise and consent to the nomination of BENJAMIN SAGUIBO to the Board of Directors, Housing Finance and Development Corporation, term to expire June 30, 2000.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 925 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 30

The purpose of this concurrent resolution is to request the Auditor to conduct a sunrise review of the regulation of occupational therapists.

Your Committee received testimony in support of this measure from the American Occupational Therapy Association, the Occupational Therapy Association of Hawaii, Kapi'olani Medical Center, the American Association of Retired Persons, and thirty-two individuals.

Your Committee finds that Hawaii is one of only three states that do not license or otherwise provide some form of strong regulation of occupational therapists. Under current law, Hawaii regulates the profession through a trademark act, which prohibits non-certified individuals from referring to themselves as occupational therapists although they may practice under certain circumstances. Unlike a licensure law, this regulation does not provide a system for handling disciplinary actions or serve as a deterrent to incompetent or undertrained occupational therapists.

Your Committee supports the intent of this concurrent resolution and believes it will provide the profession and the public with a fair review of the issues related to more stringent regulation of occupational therapists.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 30 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 926 Human Resources on H.B. No. 519

The purpose of this bill is to:

- (1) Expand the celebration and range of activities honoring children from a week to a month; and
- (2) Include youth in the celebration by designating the first Sunday in October as "Children and Youth Day" and by designating the entire month of October as "Children and Youth Month."

Your Committee received testimony in support of this bill from the Department of Human Services, the Office of Youth Services, the Hawaii State Parent Teacher Student Association, and one public citizen.

Your Committee, upon further consideration, has amended this bill by making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 519, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 519, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Sakamoto, Anderson).

SCRep. 927 Human Resources on H.B. No. 1717

The purpose of this bill is to provide emergency appropriations in the amount of \$55,402,862 in general funds for fiscal year 1996-1997, to be used for health care payments for medical assistance recipients.

Your Committee received testimony in support of this bill from the Department of Human Services, Healthcare Association of Hawaii, Hawaii Long Term Care Association, the Lokahi Coalition, and the Waianae Coast Comprehensive Health Center. Hawaii Right to Life recognized the necessity of the measure with qualifying comments.

Your Committee finds that due to a weakened economy and more lenient eligibility requirements, the State's Medicaid population increased beyond expectation. This resulted in a shortfall for the 1995-96 fiscal year. Therefore, additional funds are needed so that the Department of Human Services can continue to provide reimbursements to medical and dental plans under the Hawaii QUEST Program and health care providers under the Medicaid Program.

Your Committee has amended this measure by providing that \$750,000 out of the sum appropriated shall be used to provide wraparound payments to Hawaii Qualified Health Centers.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1717, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1717, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Sakamoto, Anderson).

SCRep. 928 Human Resources on H.B. No. 1718

The purpose of this bill is to provide that when a lien is placed against the real property of a medical assistance recipient who is an inpatient in a nursing facility, intermediate care facility for the mentally retarded, or other medical institution, there is a rebuttable presumption that the recipient will not return home to live if the recipient so declared or the recipient has been institutionalized six months or longer without a discharge plan.

Your Committee received testimony in support of this bill from the Department of Human Services and the Hawaii Long Term Care Association in support of this measure.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1718 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Sakamoto, Anderson).

SCRep. 929 Human Resources on H.B. No. 1719

The purpose of this bill is to provide sufficient funds to run the Blind Vendor Program and operate the Ho'opono workshop for the fiscal year 1996-1997.

Your Committee received testimony in support of this bill from the Department of Human Services and the Commission on Persons with Disabilities.

It is noted by your Committee that the amounts appropriated from the Randolph-Sheppard revolving account and the Blind shop revolving and handicraft fund must be increased in order to meet the obligations under sections 347-12 and 347-12.5, Hawaii Revised Statutes. These obligations include providing benefits for blind vendors and paying clients of the blind shop wages commensurate with the requirements of the United States Department of Labor.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1719 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Sakamoto, Anderson).

SCRep. 930 Education on S.C.R. No. 38

The purpose of this concurrent resolution is to request that the University of Hawaii convene a multidisciplinary task force to conduct a study on the most recent empirical research available on the issue of capital punishment.

Your Committee received testimony supporting this measure from the National Association of Social Workers and a concerned citizen. Testimony opposing this measure was received from the ILWU Local 142. The University of Hawaii testified but took no formal position on this measure.

Your Committee finds that crime is the number one concern of a majority of Hawaii residents. Incarceration of violent offenders has proven to be an insufficient deterrent to recidivism. Additionally, Hawaii's prisons cannot accommodate the number of offenders in the justice system and often release violent criminals prior to the end of their sentence in order to make room for new offenders.

Your Committee has amended this concurrent resolution by requesting that the Legislative Reference Bureau assist the University of Hawaii in its study of the issue of capital punishment by providing clerical assistance.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 38, as amended herein, and recommends that it be referred to the Committee on Judiciary, in the form attached hereto as S.C.R. No. 38, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 931 Education on S.R. No. 10

The purpose of this resolution is to request that the University of Hawaii convene a multidisciplinary task force to conduct a study on the most recent empirical research available on the issue of capital punishment.

Your Committee received testimony supporting this measure from the National Association of Social Workers and a concerned citizen. Testimony opposing this measure was received from the ILWU Local 142. The University of Hawaii testified but took no formal position on this measure.

Your Committee finds that crime is the number one concern of a majority of Hawaii residents. Incarceration of violent offenders has proven to be an insufficient deterrent to recidivism. Additionally, Hawaii's prisons cannot accommodate the number of offenders in the justice system and often release violent criminals prior to the end of their sentence in order to make room for new offenders.

Your Committee has amended this resolution by requesting that the Legislative Reference Bureau assist the University of Hawaii in its study of the issue of capital punishment by providing clerical assistance.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 10, as amended herein, and recommends that it be referred to the Committee on Judiciary, in the form attached hereto as S.R. No. 10, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 932 Commerce, Consumer Protection, and Information Technology on H.B. No. 100

The purpose of this bill, as received, is to provide for a liability system of automobile accident insurance.

The purpose of this bill, as amended, is to reduce no-fault insurance premiums and to preserve adequate protection of the rights of drivers.

As amended, this bill converts "no-fault benefits" to "personal injury protection benefits" and renames "no-fault policy" to "motor vehicle insurance policy."

Your Committee received testimony in support of this bill, as received, from the State Insurance Commissioner (with reservations), Consumer Lawyers of Hawaii, American Association of Retired Persons, Hawaii Women Lawyers, several personal injury plaintiffs attorney, and several private citizens. Your Committee received testimony in opposition to this bill from GEICO Insurance, King & Neel, Inc. (insurance brokers), State Farm Insurance Companies (to many of the provisions), GTE Hawaiian Telephone, National Association of Independent Insurers, National Federation of Independent Insurers, National Federation of Independent Business, Hawaii Independent Insurance Agents Association, Sedgwick James of Hawaii (insurance brokers), CATRALA-HAWAII (car rental association), Hawaii Insurers Council, Hawaii Acupuncture Association, Alamo Rent A Car, Hawaii Island Chamber of Commerce, Hawaii State Chiropractic Association, and Institute of Clinical Acupuncture and Oriental Medicine. Offering commentary testimony on the bill were the Chamber of Commerce of Hawaii (cautioning against shifting the costs for medical services to employers) and the Massage Therapists' Association of Hawaii.

Your Committee is not convinced that a return to a liability system that predated the no-fault system in Hawaii is the solution to the high cost of motor vehicle insurance and to providing adequate protection of insureds, drivers, and passengers in the process. Your Committee is mindful of the findings and conclusions of Haldi Associates in 1972, in "A Study of Hawaii's Motor Vehicle Insurance Program," which stated at page 15:

"Insurance protection should be provided efficiently and effectively. Efficient means that the long-run cost of providing coverages and benefits be at a minimum, and that a substantial portion of the auto insurance premium be used to defray losses of victims. To do less is not in the best interests of the insurance buyer or the general public. Effective means that the insurance system should, wherever possible, provide others with correct incentives concerning motor vehicle collisions."

Your Committee finds that losses to victims are best compensated by an adequate amount of personal injury protection benefits, paid without regard to fault. This is also the most efficient and effective means of compensation, similar to workers' compensation benefits. Litigation is negated and costs decline accordingly. The insured is guaranteed of coverage for medical expenses, which is rightfully the immediate concern of an injured person. Your Committee further finds that the concept of payment without regard to fault is consistent with Hawaii's philosophy of taking immediate and adequate care of its people, as exemplified in other laws on workers' compensation and prepaid health insurance.

As to the argument that good drivers pay for bad drivers under a no-fault system, the Haldi report discussed this proposition at page 26:

"It should be noted that throughout its development and to this day the negligence system has never taken any formal account of the existence of the insurance system.... Yet, the existence (or nonexistence) of insurance is not considered relevant and is inadmissible as evidence in a negligence case. It is possibly for this reason that some people delude themselves into thinking that one outcome of a tort liability suit is that 'the negligent driver pays.'..."

The point which needs to be clearly understood is that it is totally unrealistic to talk in terms of both widespread liability insurance and 'making the negligent driver pay.' The basic principle of insurance is a sharing of cost. Each time an insurance company settles a claim, all insured motorists pay a little; the 'negligent' driver's contribution to that particular claim is probably no more than a few pennies, however negligent or blameworthy he may be. ...adequate liability insurance effectively removes any real threat of financial sanction."

Thus, your Committee believes that a return to a liability system is a return to the morass of problems of twenty-five years ago that prompted the enactment of a no-fault system.

Your Committee is further unwilling to transfer the burden of medical insurance benefits (personal injury protection benefits) to the prepaid health insurance system whereby employers will be made to pay for the increase in the risk pool resulting from coverage of accident related injuries. Oral testimony from the Hawaii Medical Services Association (HMSA) on this bill was that an overall estimate of the amount of increase in premiums was 3.2 percent as a result of a cost shifting. However, HMSA also testified that the effective rate of increase to businesses in terms of premiums would be about 10 percent because of a community rating system. Under this system, smaller businesses would see an even higher increase in premiums. Your Committee finds this to be unacceptable at a time when businesses, particularly small businesses, are struggling to survive in Hawaii's economy and business climate.

Testimony was also received by your Committee from the AIG Hawaii Insurance Company (AIG) and GEICO Insurance, which are two of the larger motor vehicle insurers in Hawaii, concerning the pricing of this bill and S.B. No. 1812, S.D. 1.

AIG stated that the Senate bill, as written at that time (February 27, 1997), would result in a savings of between 16 and 23 percent with "an approximate 21% overall reduction in premium" for the basic mandatory coverages. Their figures incorporate an already

implemented 10 percent across the board reduction in premiums last November. AIG also gave five scenarios for the possible combination of insureds buying the coverages under this H.B. No. 100, H.D. 1, and S.B. No. 1812, S.D. 1. The Senate's bill provided more savings in every scenario, with some yielding significantly more savings.

GEICO Insurance testified that H.B. No. 100, H.D. 1, would provide no cost savings at all and would even result in a cost increase of at least 8 percent for the minimum required coverages. According to GEICO's testimony:

"...House Bill 100 offers the worst of all possible alternatives. It reduces coverage, reduces benefits, increases costs, and mandates a roll back in prices which is not actuarially justified...."

Your Committee is aware of the experience in other states which have a liability system and which have lower premiums than no-fault states. However, your Committee cautions that it is dangerous to compare actuarial data and rates from other states because of the myriad variables and complexities of pricing an automobile insurance policy. Additionally, like other businesses, competition in the insurance marketplace is a big factor in pricing auto policies, and competition is sorely lacking in Hawaii. Unlike other places, Hawaii has a high cost of doing business, including paying claims (both medical and property damage), which contributes to the high cost of premiums under any system. Also, your Committee has recently learned that states with a liability system are looking to pure no-fault system to reduce rates.

In view of the foregoing, your Committee is not convinced that either a pure no-fault system or a liability system is in the best interest of Hawaii's drivers. Your Committee has undertaken full scale changes to fix the system which it feels will yield a significant reduction in premiums, control litigation, and provide adequate medical coverage without a cost shift to businesses and employees.

Your Committee has amended this bill by:

- (1) Deleting the preamble section and inserting an amended version to more accurately reflect the Senate's version;
- (2) Deleting new statutory sections of the bill, relating to:
 - (A) Reduction of award;
 - (B) Compliance by attorneys;
 - (C) Benefits under medical payment coverage;
 - (D) Binding arbitration;
 - (E) Optional additional coverage sample form;
 - (F) Premium disclosure required; and
 - (G) U-drive insurance policy primary;
- (3) Adding new statutory sections to the bill, relating to:
 - (A) Managed care option;
 - (B) Claims and suits prohibited when;
 - (C) Plain language billings;
 - (D) Group insurance plans;
 - (E) Reasonable attorneys fees allowed; and
 - (F) Limitation on insurer's liability for managed care;
- (4) Amending the remaining new statutory sections relating to:
 - (A) Intervention by commissioner - by providing for an annual adjustment of rates prospectively, by clarifying that intervention is for rates that are excessive, inadequate, or unfairly discriminatory;
 - (B) Preferred repair provider - by clarifying that an insurer "may" (instead of "shall") have a program and requiring that insurers having a program to offer a choice of not less than two repair providers to a claimant, if available;
 - (C) Original equipment manufacturer's like kind and quality parts - by requiring an insurer to offer (instead of giving an option to the insurer to utilize) a choice to an insured to utilize those parts and by requiring that those parts be approved or certified by a governmental or industry organizations, if available;
 - (D) Fraud violations and penalties - by deleting item (9) of subsection (a) referring to fabricating, etc., claim documents, by adding that a person acting without malice in cooperation with the authorities shall not incur civil or criminal liability, by deleting provisions referring to restitution and other penalties incident to it, by adding that an insurer shall have a civil cause of action to recover payments against a person committing fraud under this section, and by clarifying that this section does not supercede any other law relating to theft, fraud, or deception; and

- (E) Unfair or deceptive acts etc. - by deleting applicability to insurers (covered already by article 13 relating to unfair methods of competition, etc.), and by adding that the media shall not be held to be in violation of this section for placement of advertisement;
- (5) Deleting all amendments relating to auto theft and illegal possession of auto parts;
- (6) Amending the definition section to article 431:10C, as follows:
 - (A) Renaming "no-fault benefits" to "personal injury protection benefits" and "no-fault insurance" to "motor vehicle insurance";
 - (B) Deleting "monthly earnings loss";
 - (C) Tying "personal injury protection benefits" to prepaid health coverages and adding chiropractic care to benefits;
 - (D) Providing for "personal injury protection benefits" in the amount of \$20,000, tied to prepaid health plans for coverage and payment schedules; and tied to workers' compensation schedules for benefits not covered by prepaid health plans;
 - (E) Clarifying that substitute services must be reasonably related to the effects of the injury so as to exclude rationally remote services such as painting a house which the insured would have done personally but for the injury; and
 - (F) Clarifying that personal injury protection benefits means all appropriate and reasonable "treatment" and expenses etc.
- (7) Deleting statutory amendments relating to immediate rate freeze and reduction in premiums and inserting a provision relating to mandatory reduction in premiums of between 20 and 35 percent instead of 25 to 35 percent;
- (8) Deleting medical payments coverage of \$3,000;
- (9) Deleting requirement that the insured's insurance be primary to U-drive vehicles;
- (10) Retaining the present required bodily injury liability coverage of \$25,000 rather than \$15,000, and requiring an aggregate limit of \$50,000 rather than \$30,000 per accident;
- (11) Deleting all statutory amendments relating to required optional additional coverages and inserting required options for wage loss benefits, death benefits, managed care arrangements, and first-party pain and suffering coverage;
- (12) Clarifying the statutory section on abolition of tort liability to provide for a verbal threshold and clarifying the availability of a tort remedy for soft tissue injuries;
- (13) Allowing an insurer a 100 percent subrogation right instead of 50 percent;
- (14) Deleting the statutory amendment relating to the statute of limitations;
- (15) Deleting repeals of the following statutory sections:
 - (A) Disclosure of no-fault benefit limits and payments;
 - (B) Obligation to pay no-fault benefits;
 - (C) Source of payment;
 - (D) Abolition of tort liability; and
 - (E) Limitation on charges; and
- (16) Making numerous conforming amendments to reflect "motor vehicle insurance" and "personal injury protection benefits" where applicable throughout the Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 100, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 100, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 933 **Human Resources on H.B. No. 816**

The purpose of this bill is to "grandfather" public employees who have active military service and who became members of the Employees' Retirement System (System) prior to June 18, 1996.

This bill will allow these members to obtain service credit of up to two years after earning at least eight years of credited service in the System.

Your Committee received testimony in support of this bill from the Office of Veterans Services, Branch 46 of Fleet Reserve Association, Oahu Veterans Council, Hawaii Government Employees Association, Hawaii State Teachers Association, United Public

Workers, Veterans of Foreign Wars of the United States, and several private individuals. The System submitted explanatory testimony.

Your Committee finds that Act 241, Session Laws of Hawaii 1996, increased the years of credited service in the System from eight to ten to qualify for military service credit. Your Committee also finds that Act 241 did not "grandfather" in current members, thus unfairly requiring many employees to rethink their retirement plans. This bill rectifies that oversight.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 816, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Sakamoto, Anderson).

SCRep. 934 Commerce, Consumer Protection, and Information Technology on H.B. No. 1893

The purpose of this bill is to delete the statutory language which provides that the governor may fill the four industry members seats on the Board of Physical Therapy from a list submitted by the Hawaii Chapter of American Physical Therapy Association (HCPATA).

Your Committee previously held a public hearing on S.B. No. 1527, which is a companion measure.

Your Committee supports the intent of this measure and has amended this bill to retain the governor's authority to fill a vacancy in accordance with section 26-34, Hawaii Revised Statutes, and delete the requirement that the appointment be from a list submitted by HCPATA.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1893, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1893, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 935 Commerce, Consumer Protection, and Information Technology on H.B. No. 1894

The purpose of this bill is to give full member authority to a representative of the branch manager of the boiler and elevator inspection branch, division of occupational safety and health, department of labor and industrial relations, when the branch manager is unable to attend meetings of the elevator mechanics licensing board.

Your Committee received written testimony in support of this measure from the Department of Labor and Industrial Relations (DLIR), requesting an amendment.

Your Committee previously held a public hearing on S.B. No. 1528, which is a companion measure.

Your Committee supports the intent of this measure and has amended it, as requested by DLIR, to give full member authority to the director or the director's designee.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1894, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1894, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 936 Commerce, Consumer Protection, and Information Technology on H.B. No. 1902

The purpose of this bill is to repeal the Board of Examiners of Nursing Home Administrators, but maintain regulation and licensing of nursing home administrators as a program administered by the director of the Department of Commerce and Consumer Affairs.

Your Committee previously held a public hearing on S.B. No. 1536, which is a companion measure.

Your Committee is in accord with the intent of this bill and has made technical, nonsubstantive amendments to conform statutory language for drafting style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1902, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1902, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 937 Economic Development on H.B. No. 103

The purpose of this bill, as received, is to:

- (1) Change the name of the "Blue Ribbon Task Force on Small Business" to the "Small Business Task Force on Regulatory Relief";
- (2) Expand the mission and functions of the Task Force; and
- (3) Extend the repeal date of the Task Force one year, from June 30, 1998, to June 30, 1999.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, the Blue Ribbon Task Force on Small Business, the Hawaii Business League, the National Federation of Independent Business, and the Hawaii Chamber of Commerce.

Your Committee finds that the Task Force has the substantial assignment of reviewing all state and county laws and rules that impede the formation, operation, and expansion of small businesses in Hawaii. Due to the importance and immensity of this undertaking, the duration of the task force should be extended.

Your Committee has amended this measure by extending the duration of the Task Force indefinitely, and by requiring annual reports to the Legislature prior to each regular session beginning with the 1998 regular session.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 103, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 103, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Iwase, Matsunaga, Solomon, Tanaka).

SCRep. 938 Economic Development on H.B. No. 580

The purpose of this bill is to fund the operation of the Business Research Library located in the Maui Research and Technology Center through a contract with the UH-Hilo Small Business Development Center Network.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, and the UH-Hilo Small Business Development Center Network.

Your Committee finds that the Business Research Library provides vitally important information, such as competitor analysis, demographic information on customers, economic indicators, government regulations, and industry forecasts, projections, and trends to small businesses throughout the State. Most small businesses lack the training, time, and monetary resources to secure this information on their own.

Your Committee notes that in the last fiscal biennium, the Legislature appropriated \$90,000 in annual funding for the Business Research Library.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 580, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Iwase, Matsunaga, Solomon, Tanaka).

SCRep. 939 Economic Development on H.B. No. 931

The purpose of this bill is to provide funding for agricultural research and development to be performed by the Hawaii Agriculture Research Center (HARC), subject to certain matching requirements.

Your Committee received testimony in support of this measure from the Department of Agriculture, HARC, the College of Tropical Agriculture and Human Resources, University of Hawaii, Amfac, the Hawaii Farm Bureau, Kauai Coffee, the Pineapple Growers Association of Hawaii, the Hawaii Association of Nurserymen, and several private citizens.

Your Committee finds that in order to maximize the opportunities for maintaining and expanding the State's agricultural industry and to take best advantage of the thousands of prime farm land formerly in sugarcane, production-driven research is critical.

HARC, formerly the Hawaiian Sugar Planters' Association, has effectively filled this research role for the sugar industry for more than a century, and is strategically situated to help increase commercial production not only of sugarcane, but also of diversified products such as coffee, papaya, and tree crops for forestry. HARC's funding comes primarily from the private sector, which increases the returns on the State's funding, thereby benefitting farm production and the local economy.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 931, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Iwase, Matsunaga, Solomon, Tanaka).

SCRep. 940 Economic Development on H.B. No. 1485

The purpose of this bill is to establish emergency loan availability for qualified aquaculturalists for a variety of environmental and economic emergencies.

Your Committee received testimony in support of this measure from the Department of Agriculture, the Department of Land and Natural Resources, Mokuleia Aquafarm, the Hawaii Aquaculture Association, Hawaii Fish Company, Hanohano Enterprises, Inc., and several private citizens.

Your Committee finds that aquaculture is a growing industry that is helping to diversify Hawaii's economy and to bring needed economic opportunities to the State's rural areas.

The Department of Agriculture's Aquaculture Revolving Loan Fund has for many years been an important source of capital, particularly for small, family farm aquaculture operations. This measure will make the State's aquaculture program even more effective by streamlining loan approvals where aggregate loan amounts (requested and outstanding) do not exceed \$25,000 of state funds. It will also allow qualifying aquaculture producers to apply for low interest emergency loans when disasters have been declared by the Board of Agriculture or the Governor.

Your Committee has amended this measure on the recommendation of the Department of Land and Natural Resources by broadening the definition of "aquaculture" in section 219-2, Hawaii Revised Statutes, to include non-food species. This change will allow access to capital by growers of such resources as pearl oysters, aquarium species, and certified disease-free shrimp broodstock.

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

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1485, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1485, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Iwase, Matsunaga, Solomon, Tanaka).

SCRep. 941 Economic Development on H.B. No. 1572

The purpose of this bill is to:

- (1) Replace references to the "Farmers Home Administration" with the "United States Department of Agriculture", the federal department that administers farm programs;
- (2) Reduce the number of credit denials required for the State's agricultural loan programs; and
- (3) Repeal the State's program for making loans under the insured program of the Farmers Home Administration.

Your Committee received testimony in support of this measure from the Department of Agriculture and the Hawaii Farm Bureau.

Your Committee finds that the Farmers Home Administration has been replaced by two newly created agencies within the U.S. Department of Agriculture, the Rural Development Agency, and the Farm Services Agency. Depending on the use and purpose of the loan funds, a farmer may apply to either one of the new agencies for financial assistance.

Your Committee further finds that under current law Department of Agriculture loans can be made only if applicants are unable to obtain the loans from two private lenders, a farm credit system bank, and the Farmers Home Administration. In an effort to streamline this lengthy process, this measure reduces the number of credit denials required from four to three.

Your Committee further finds that the Department of Agriculture has indicated that no loans have ever been made under the Farmers Home Administration insured loan program. This measure therefore repeals the Department's statutory authority to make loans under that program.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1572, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Chumbley, Iwase, Matsunaga, Solomon).

SCRep. 942 Economic Development on H.B. No. 1573

The purpose of this bill is to clarify current law relating to agricultural loans made on unsurveyed lands.

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

Your Committee finds that current law provides that no loans shall be made on unsurveyed lands. While the language appears to pertain to all agricultural loans, the Department of Agriculture has indicated that its objective of promoting agricultural development by stimulating, facilitating, and granting loans to qualified farmers and new farmers would be severely limited under such a reading.

This measure limits the restriction to loans under the Class "A" category (farm ownership and improvement), since it is in the State's best interest to ensure that these loans in particular are secured by properties with mortgageable/transferable titles. This clarification will allow the Department of Agriculture the flexibility of considering other classes of loans to farmers who utilize unsurveyed land for farm production purposes.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1573 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Chumbley, Iwase, Matsunaga, Solomon).

SCRep. 943 Economic Development on H.B. No. 1580

The purpose of this bill is to amend the State Quarantine Law to:

- (1) Clarify that protozoans are defined as microorganisms;
- (2) Include provisions for importing unlisted organisms for medical, agricultural, and environmental emergencies and for medical research; and
- (3) Clarify the effect of permit violations.

Your Committee received testimony in support of this measure from the Department of Agriculture (DOA).

Your Committee finds that this administration measure makes several housekeeping amendments to chapter 150A, Hawaii Revised Statutes, that will enable DOA to more effectively administer the State's Plant and Non-Domestic Animal Quarantine Program.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1580 and recommends that it pass Second Reading and be referred to the Committee on Health and Environment.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Iwase, Matsunaga, Solomon, Tanaka).

SCRep. 944 Economic Development on H.B. No. 1733

The purpose of this bill is to provide the same criteria for assessing five percent of the Boating Special Fund revenues for contribution to central services expenses, that was in effect when the Boating Program (Program) was organized as a branch of the Harbors Division of the Department of Transportation (DOT).

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources (DLNR).

Your Committee finds that Act 272, Session Laws of Hawaii 1992, transferred administrative responsibility of the Program from DOT to DLNR. After the transfer, the Director of Finance determined that section 36-29, Hawaii Revised Statutes, which applied the five percent special fund assessment, no longer applied to the Boating Special Fund. However, debt service on general obligation bonds used for boating capital improvement projects must still be paid from Boating Special Fund revenues.

For purposes of contribution to central services expenses, this measure would exempt the amounts required for debt service payments from the "receipts" and deposits into the Boating Special Fund, retroactive to July 1, 1992.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1733 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Chumbley, Iwase, Matsunaga, Solomon).

SCRep. 945 Economic Development on H.B. No. 1745

The purpose of this bill is to reduce the maximum penalty for any person violating a rule adopted pursuant to chapter 200, Hawaii Revised Statutes, from a misdemeanor to a petty misdemeanor.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources and qualified support from Boats/Hawaii Inc., with certain recommended changes.

Your Committee finds that, due to requests for jury trials by offenders cited under misdemeanor boating violations, court backlogs have occurred. These delays can be avoided by reducing the charges for these violations to petty misdemeanors.

Your Committee has amended this measure by reducing the minimum fine from \$100 to \$25, and by making several technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1745, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1745, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Chumbley, Iwase, Matsunaga, Solomon).

SCRep. 946 Economic Development on H.B. No. 2238

The purpose of this bill is to establish a trust fund to collect private contributions for the acquisition of state park lands.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources and the Sierra Club, Hawai'i Chapter.

Your Committee finds that this measure will provide potential contributors with assurance that any contribution they make will be used for the specific park acquisition or expansion effort for which it was intended. It will also assist the State in providing sufficient recreational opportunities for residents and visitors as well as natural resource protection.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2238, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Chumbley, Iwase, Matsunaga, Solomon).

SCRep. 947 Transportation and Intergovernmental Affairs on H.B. No. 173

The purpose of this bill is to ensure that all moneys collected by a county liquor commission are used only for expenses directly relating to the liquor commission's operation and administration.

Your Committee received testimony in support of this measure from the Hawaii Hotel Association, Hawaii Restaurant Association, and the Retail Liquor Dealers Association.

Your Committee finds that moneys collected by county liquor commissions and used for the commissions' operations and administrative expenses are important and beneficial in the dissemination of industry information and services to liquor licensees.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 173 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 948 Education on H.B. No. 872

The purpose of this bill is to allow the East-West Center International Advisory Board to increase its membership by deleting the number limitation on board member composition.

Your Committee received testimony supporting this measure from the Governor of Hawaii and the East-West Center.

Your Committee finds that federal support for institutions like the East-West Center has been significantly reduced. Funding must now come from public and private sources in the Asia-Pacific region. The International Advisory Board plays a crucial role in advising the Board of Governors on the needs and opportunities in the Asia-Pacific region. An expanded International Advisory Board membership is needed to respond immediately and take advantage of opportunities in this dynamic and diverse region.

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. 872 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 949 Education on H.B. No. 1654

The purpose of this bill is to amend section 12 of Act 321, Session Laws of Hawaii 1986, by deleting its sunset date.

Your Committee received testimony supporting this measure from the University of Hawaii and the Department of Education.

Your Committee finds that since the University and the Department of Education were authorized to assume responsibility over all matters relating to the acquisition of goods and services, pre-audit of payments, payroll, disbursing, fund accounting, and business and accounting forms, they have become more responsive to a wide range of business opportunities and requirements.

Your Committee has amended this bill by making technical corrections in order to reflect the current law.

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. 1654, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1654, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 950 Education on H.B. No. 1655

The purpose of this bill is to establish a University of Hawaii commercial enterprises revolving fund.

Your Committee received testimony supporting this measure from the University of Hawaii.

Your Committee finds that the success of the University in maintaining its quality of education depends on its efforts to become more self-reliant and to augment its budget through innovative and entrepreneurial methods such as merchandising logo bearing products in retail shops.

Your Committee has amended this bill by including language that clarifies the University's authority to engage in commercial enterprises.

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. 1655, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1655, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 951 Education on H.B. No. 1657

The purpose of this bill is broaden the mission of the College of Education to include the professional development of educators at the undergraduate and graduate levels, application of knowledge in education and related fields through scholarly activities, and the provision of service and support to educational communities.

Your Committee received testimony supporting this measure from the University of Hawaii and the Department of Education.

Your Committee finds that the revised College of Education's mission is consistent with its goal of providing continuing guidance and maintaining an ongoing professional relationship with educators in the schools.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1657, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 952 Education on H.B. No. 1658

The purpose of this bill is to transfer the operation of the motorcycle Drivers Education Program from the University of Hawaii Community College Employment Training Office to the University of Hawaii Community Colleges.

Your Committee received testimony supporting this measure from the University of Hawaii.

Your Committee finds that classes for operators of motorcycles or motor scooters are currently offered at the Leeward Community College campus on Oahu and at sites on the islands of Hawaii, Maui, and Kauai. Recently, the administration of this program was moved from leased facilities to the Leeward Community College and integrated into the campus' non-credit program.

Your Committee believes that the transfer of the program to the Community Colleges will enable the enhancement of the motorcycle safety education program and utilize existing infrastructure to continue to support the existing statewide training programs.

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. 1658, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 953 Education on H.B. No. 1860

The purpose of this bill is to add a new chapter to the Hawaii Revised Statutes that requires all degree-granting institutions to be accredited by an agency approved by the United States Department of Education. The bill also provides an exemption from the accreditation requirements for unaccredited institutions that employ at least one employee within Hawaii as of January 1, 1997.

Your Committee received testimony supporting this measure from the University of Hawaii Professional Assembly and Pacific Western University. The University of Hawaii, Hawaii Pacific University, the University of Phoenix, Greenwich University, the University of Nations, and the Department of Commerce and Consumer Affairs supported this measure with proposed amendments.

Your Committee believes that it is important to protect the reputation of Hawaii's accredited academic institutions as well as Hawaii's reputation as a whole from the degradation associated with becoming a "diploma mill state".

Your Committee has amended this bill by replacing its contents with amendments to chapter 446E, Hawaii Revised Statutes. The bill now:

- (1) Prohibits unaccredited institutions from issuing bachelor and master of arts, bachelor and master of science, juris doctor, and master of law degrees;
- (2) Prohibits the conference of law degrees if the institution is not accredited by the American Bar Association;

- (3) Requires unaccredited degree-granting institutions to register with the Department of Commerce and Consumer Affairs; and
- (4) Requires unaccredited degree-granting institutions to obtain eligibility for accreditation within three years from the effective date of this Act.

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. 1860, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1860, H.D. 3, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 954 Education on H.B. No. 1433

The purpose of this bill is to establish a community-based pilot project in the Hilo-Hamakua-Kohala communities which enables students to formulate activities and programs for middle school and high school students that focus on the development of youth skills and attitudes needed to prevent problems such as drug abuse, gang activity, and teen pregnancy.

Your Committee received testimony supporting this measure from the Department of Education, Rural South Hilo Community Association, Hamakua District Development Council, County of Hawaii Department of Parks and Recreation, Office of the Prosecuting Attorney, County of Hawaii Police Department, North Hilo Community Council, and seventeen interested students. The Office of Youth Services supported the bill with funding reservations.

Your Committee finds that the growing crime rate is a challenge faced by all communities along with the related issues of gangs, drugs, and illicit sex.

Your Committee also finds that the Hilo-Hamakua-Kohala communities on the Big Island have been through a transition period resulting from the closure of sugar plantations. Many children in these communities are latch key children since many parents must now travel farther from home to secure jobs and often work several jobs.

Your Committee believes the community-based youth leadership demonstration project is not only beneficial to the students, but will ultimately benefit the community as a whole. Youth involvement in the process of developing solutions will have a positive effect on the lives of the youth by teaching them to work toward solutions as participating citizens. The involvement of the students will also make use of their knowledge of resources unique to their communities.

Your Committee notes that this project is a pilot project and if successful may be used to benefit other communities. However, many logistic and statistical problems still need to be addressed. The Representative from the Big Island will be working with students and other agencies to resolve these problems.

Your Committee has amended this bill by requiring the Department of Education to provide annual reports and changing the sums appropriated from \$1 to \$30,000.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1433, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1433, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 955 Education on H.B. No. 1662

The purpose of this bill is to amend Act 184, Session Laws of Hawaii 1995, by extending the State Aquarium's management arrangement transfer date from the Research Corporation of the University of Hawaii and the University of Hawaii Foundation to a non-profit corporation from June 30, 1997, to June 30, 1999.

Your Committee received testimony supporting this measure from the University of Hawaii and the Friends of the Waikiki Aquarium.

Your Committee finds that the Friends of the Waikiki Aquarium submitted a draft agreement to the University in 1996 to begin negotiations on the transfer of the aquarium management to the Friends of the Waikiki Aquarium. Shortly after, the Governor of Hawaii announced plans to build a new aquarium in Kakaako. Now, the Friends of the Waikiki Aquarium directors are unwilling to assume the responsibilities and liabilities of managing an organization which might be transferred to another organization in the near future. The University's obligations are uncertain if the present Waikiki Aquarium building is abandoned. Both parties have agreed that a final decision must be made on the Kakaako aquarium before contract negotiations can be resumed.

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. 1662 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 956 Health and Environment on S.C.R. No. 9

The purpose of this Concurrent Resolution is to take the initial steps toward mandating health insurance coverage for diagnostic tests for prostate cancer by requesting the Auditor to conduct a review to determine the social and financial effects of requiring health insurers to cover these types of tests.

The Hawaii Medical Service Association submitted testimony in support of this measure.

Your Committee finds that prostate cancer is the leading cancer diagnosed among men in the United States, with sixty percent of all newly diagnosed prostate cancer cases and almost eighty percent of all deaths occurring in men age seventy and older.

Additionally, many Hawaiian males do not receive annual prostate examinations and are generally under-utilizers of health promotion and disease prevention programs.

Because prostate cancer is most curable when it is detected in the early stages before it has spread to other parts of the body, your Committee understands the value of early detection and treatment of prostate cancer, and therefore, concurs with the purpose of this measure.

After carefully considering the merits of the measure and the testimony received, your Committee has amended the measure by:

- (1) Clarifying that although both prostate and breast cancers are deadly, they do not necessarily kill with equal perniciousness; and
- (2) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 9, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 9, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 957 Health and Environment on S.C.R. No. 27

The purpose of this concurrent resolution is to request the Department of Education (DOE):

- (1) To discuss with the Department of Health (DOH) and the several county Directors of Finance, the possible positive results of cardiopulmonary resuscitation (CPR) and first aid as a requirement for licensed drivers;
- (2) To devise a program that offers certification in CPR and first aid to all high school students through the health curriculum; and
- (3) In consultation with the DOH and the several county Directors of Finance, to examine the proposal for certification in CPR and first aid for all public and private high schools as a requirement for a drivers' license.

Testimony in support of the measure was received from the Hawaii Medical Service Association, the Hawaii Fire Chiefs Association, the State Student Council, and the Health Learning Center of Kahuku High School. The DOH testified in support of the intent of having CPR and first aid certification available to all public and private high schools. However, the DOH stated that the relevance of requiring the certification of high school students applying for a drivers' license was unclear. The DOE testified that it concurred with the intent of the measure. However, the DOE stated that CPR may not always be taught to the level that qualifies students for receiving completion cards from the American Red Cross or the American Heart Association.

Testimony indicated that CPR is one of the necessary techniques in treating sudden cardiac arrest. Your Committee believes that requiring high school students to be certified in CPR and first aid is a way to strengthen our community's ability to respond to life threatening situations. CPR training also provides an opportunity to teach students about the risk factors associated with heart disease.

Additionally, testimony also indicated that based on information from the American Heart Association, early CPR is an essential component in treating sudden cardiac arrests. Therefore, your Committee feels that requiring CPR and first aid in health courses for high school students is a practical way of:

- (1) Increasing the community's ability to perform CPR; and
- (2) Educating students about heart disease.

After carefully considering the merits of the measure and the testimonies received, your Committee has amended the measure by:

- (1) Deleting the requirement for certification in CPR for high school students to obtain a drivers' license;
- (2) Removing all other references to drivers' licenses;
- (3) Requesting the DOE to consult with the DOH, the several county Fire Departments, the American Red Cross, and the American Heart Association, to develop a comprehensive plan to provide proper training to students in first aid and CPR; and
- (4) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 27, as amended herein, and recommends that it be referred to the Committee on Education, in the form attached hereto as S.C.R. No. 27, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 958 Health and Environment on S.C.R. No. 53

The purpose of this resolution is to urge the Governor to carefully assess the impact of new federal laws affecting immigrants to protect their rights to receive adequate health and human services.

Your Committee received testimony in support of this resolution from the Director of Human Services and an American citizen. There was no testimony in opposition to this measure.

Your Committee concurs with the Department of Human Service's concern that much of what was done by the federal government will result in a cost shifting to the states rather than a cost saving. The decrease in federal funding would result in the State providing emergency services only. Your Committee finds that Hawaii's immigrants deserve better treatment and deserve to maintain their current levels of health care and human services.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 53 and recommends that it be referred to the Committee on Human Resources.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 959 Health and Environment on Gov. Msg. No. 146

Recommending that the Senate advise and consent to the nominations of the following to the Board of Directors, Hawaii Health Systems Corporation:

GARY K. KAJIWARA and BLAKE E. WATERHOUSE, M.D., terms to expire June 30, 1998;

ROGER DRUE, SISTER BEATRICE TOM and ARTHUR S. USHIJIMA, terms to expire June 30, 1999; and

GRANT Y.M. CHUN, WILLIAM F. MIELCKE, CAROLYN A. NII, AKIRA OMONAKA and DIANE J. PLOTTS, terms to expire June 30, 2000.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 960 Health and Environment on Gov. Msg. No. 154

Recommending that the Senate advise and consent to the nomination of SANDRA J. MIYOSHI to the State Council on Mental Health, term to expire June 30, 1999.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 961 Human Resources on H.B. No. 147

The purpose of this bill is to create a joint legislative committee to develop a sound financial plan to address the problem of current and future long-term care needs of Hawaii's people.

Your Committee received testimony in support of this bill from the State Planning Council on Developmental Disabilities, Coalition for Affordable Long Term Care, Hawaii Government Employees Association, Faith In Action For Community Equity, Hawaii State Teachers Association, American Association of Retired Persons, Hawaii Long Term Care Association, Executive Office on Aging, and several private citizens.

Your Committee finds that the problem of taking care of the long-term care needs of Hawaii's elderly and disabled population is urgent and growing progressively worse with each passing year, as a solution to financing prohibitively expensive long-term care is not found. Your Committee is knowledgeable of the various bills which have been introduced to address this issue. There are numerous theories and approaches to providing long-term care, but your Committee finds that any approach must work within the confines of available financing and not visa versa. For this reason, your Committee believes that the development of a financial plan, as proposed by this bill is the appropriate and necessary step to take at this time.

Your Committee has amended this bill on recommendation of the State Planning Council on Developmental Disabilities to add that the joint legislative committee shall address the needs of the elderly and disabled and seek input from the Department of Human Services, Department of Health, and the elderly and disabled communities. Your Committee has further amended this bill on recommendation of the Coalition for Affordable Long Term Care to clarify and crystalize the urgency of the problem and the State's fiscal and social responsibilities for long-term care.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 147, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 147, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 962 (Joint) Education and Government Operations and Housing on H.B. No. 1660

The purpose of this bill is to allow the University to procure goods and services from the University bookstores that are routinely marketed, and to exempt the procurement of goods, services, or construction by the University's athletics department from the procurement code that are purchased with moneys from the University's intercollegiate athletics revolving fund.

Your Committees received testimony supporting this measure from the University of Hawaii. The Department of Accounting and General services supported this measure with recommended amendments.

Your Committees find that because the University and its bookstores are part of the same governmental agency, the procurement code's procedural requirements lead to the incongruous result of the University soliciting quotes or bids from itself.

Your Committees further find that the University bookstores are able to take advantage of quantity discounts on some computer equipment and other goods and services and pass these savings on to its consumers. This cost savings would assist the University in its efforts to reduce its operational costs in light of reduced fiscal appropriations not only through reduced purchase prices on some goods and services, but also through the reduced time and paperwork needed to prepare and process formal procurement documents.

Your Committees have amended this bill by:

- (1) Rewording the language which exempts certain University purchases from the procurement code and adding the requirement that the exemption applies to stocked items;
- (2) Deleting the paragraph that exempts the University's athletics department from the procurement code and the related requirement of an annual report to the legislature; and
- (3) Renumbering the paragraphs and sections in light of the amendments.

As affirmed by the records of votes of the members of your Committees on Education and Government Operations and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1660, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1660, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Matsunaga).

SCRep. 963 Economic Development on H.B. No. 1574

The purpose of this bill is to repeal the exception for direct class "D" emergency agricultural loans, which excludes the borrower from the requirement of seeking refinancing when the borrower is able to obtain private financing.

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

Your Committee finds that while the purpose of the emergency loan program is to assist distressed farmers in times of economic hardship, disease outbreaks, and natural disasters, borrowers should not be exempt from the requirement of refinancing their loan once they regain their financial footing and become economically sufficient.

This measure requires a borrower to refinance a state agricultural loan when the borrower's financial condition improves to the point where a private lender may consider the borrower to be a good credit risk and is willing to fund the borrower's project.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1574 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Chumbley, Iwase, Matsunaga, Solomon).

SCRep. 964 Economic Development on H.B. No. 1576

The purpose of this bill is to change the organizational designation of Measurement Standards from a division to a branch within the Department of Agriculture (DOA) and to clarify the definition of "administrator".

Your Committee received testimony in support of this measure from DOA.

Your Committee finds that an internal reorganization of DOA was approved in September, 1996, which changed the Measurement Standards program from a division to a branch under the Quality Assurance Division.

This housekeeping measure, which also makes a conforming change to the definition of "administrator", reflects the departmental reorganization.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1576 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Chumbley, Iwase, Matsunaga, Solomon).

SCRep. 965 Economic Development on H.B. No. 1577

The purpose of this bill is to ease the burden on farmers caused by sporadic income flow by authorizing the chairperson of the Board of Agriculture to:

- (1) Accept interest in collateral property for delinquencies in irrigation accounts presently processed for collection through normal billing procedures; and
- (2) Foreclose on the security to pay off any delinquency if necessary.

Your Committee received testimony in support of this measure from the Department of Agriculture, and in support with recommendations to incorporate H.B. No. 760, relating to the administration of the Hamakua Ditch, from the Hamakua/N. Hilo Agriculture Cooperative, the Hamakua/North Hilo County Farm Bureau, Dias Farm & Ranch, the ILWU Local 142, the Honokaa Business Association Inc., Akasaki Farms & Kolopa Kai Orchids, the Hamakua District Development Council, Kukuihaele Farms, the Hilo County Farm Bureau, and several farmers in the Hamakua District.

Your Committee finds that this measure, as received, will allow the Department of Agriculture to implement an installment payment plan for the repayment of delinquent water tolls, acreage assessments, or other related irrigation project accounts.

Your Committee has amended this measure, based upon the considerable testimony, by including the substantive portion of H.B. No. 760, authorizing the Department of Agriculture to acquire, administer, improve, and maintain the lower Hamakua ditch.

Your Committee notes that the Lower Hamakua Ditch on the Big Island is an important asset that facilitates the delivery of water to ongoing agricultural enterprises that were established after the closing of the sugar plantations. These ongoing agricultural enterprises are critical to the employment opportunities of the area, and to the State as a whole. As such, the State should preserve and protect this vital resource as best it can.

Your Committee has also made several technical, nonsubstantive amendments to this measure for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1577, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1577, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Chumbley, Iwase, Matsunaga, Solomon).

SCRep. 966 Economic Development on H.B. No. 1579

The purpose of this bill is to:

- (1) Allow the Department of Agriculture (DOA) to publish a notice of intent to enter private property for pest control purposes, in a daily or weekly publication of general circulation; and
- (2) Allow State and county law enforcement officers to enforce by citation and summons, violations of chapter 142, Hawaii Revised Statutes (HRS), relating to animals, brands, and fences.

Your Committee received testimony in support of this measure from DOA.

Your Committee finds that this measure will expedite DOA's pest control and eradication efforts and ensure the effective enforcement of chapter 142, HRS.

As affirmed by the record of votes of the members of your Committee on Economic Development 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 Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Chumbley, Iwase, Matsunaga, Solomon).

SCRep. 967 Economic Development on H.B. No. 1581

The purpose of this bill is to provide emergency funding for:

- (1) Necessary cleanup and repair at the Waianae Agricultural Park and the Waimanalo Irrigation System; and
- (2) Additional operation and maintenance expenses at the Kekaha Agricultural Park Irrigation System.

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

Your Committee finds that this measure will provide necessary additional funding to repair storm damages to the Waianae Agricultural Park and the Waimanalo Irrigation System and to start up the newly completed irrigation system for the recently leased Kekaha Agricultural Park.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1581 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Chumbley, Iwase, Matsunaga, Solomon).

SCRep. 968 Economic Development on H.B. No. 2214

The purpose of this bill is to require coffee certification for all coffee grown in Hawaii, and to appropriate funds for the training of new coffee inspectors.

Your Committee received testimony in support of this measure from the Department of Agriculture, the Big Island Farm Bureau, and the Kona Coffee Council.

Your Committee finds that this important measure will aid in industry efforts to reassure buyers of the authenticity and premium quality of the coffees they are buying from Hawaii. This is especially important in light of the discovery in 1996 that "counterfeit" Kona coffee was being sold on the mainland.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2214 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Chumbley, Iwase, Matsunaga, Solomon).

SCRep. 969 Judiciary on H.B. No. 105

The purpose of this bill is to appropriate funds to:

- (1) Expand prison space by constructing additional dormitories, converting certain existing buildings to dormitories, erecting tent-like structures, and using the Hawaii national guard and inmate work crews to build needed facilities;
- (2) Provide for operational expenses necessitated by the additional facilities;
- (3) Meet the mental health needs of inmates by constructing psychiatric wards in correctional facilities; and
- (4) Improve the safe drinking water standards at Kulani by constructing a new water system.

Testimony in support of this measure was received from the Attorney General, the Mayor of the City and County of Honolulu, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Hawaii Hotel Association, and members of the Community Coalition for Neighborhood Safety. The Department of Public Safety submitted testimony supporting the intent of the bill, with reservations concerning the establishment of psychiatric wards at correctional facilities.

Your Committee recognizes the need for the expansion of needed prison space in order to alleviate prison overcrowding. An expansion will also enable the State to house repeat offenders and career criminals instead of releasing them prematurely into the community.

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. 105, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 970 Judiciary on H.B. No. 114

The purpose of this bill is to increase intensive substance abuse treatment in prisons by providing funding to expand the Waiawa KASHBOX Program to other state correctional facilities.

Testimony in support of this measure was submitted by the Department of Public Safety, the Mayor of the City and County of Honolulu, the Department of the Prosecuting Attorney of the City and County of Honolulu, and the Hawaii Hotel Association.

Your Committee believes that expanding the KASHBOX program will assist in the rehabilitation of substance abusers in the 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. 114 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 971 Judiciary on H.B. No. 1585

The purpose of this bill is to exempt from payment of fees for services provided by the Hawaii Criminal Justice Data Center those services provided to criminal justice agencies and state or county agencies for employment purposes.

This bill also deletes the restriction that the criminal history records searches be limited to Hawaii records.

Your Committee received testimony in support of this bill from the Attorney General and the Honolulu Police Department.

Your Committee finds that access to criminal history records by state and county agencies are necessary for employment purposes and should be excluded from payment of fees. Your Committee further finds that expanding the criminal history records searches to a nationwide basis is necessary to conform with recent federal legislation and to provide services to federal agencies.

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. 1585, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 972 Judiciary on H.B. No. 1613

The purpose of this bill is to make an appropriation for the Department of the Attorney General to complete the development, installation, and implementation of an automated child support enforcement system.

The Department of the Attorney General and the Department of Human Services submitted testimony in support of this measure.

According to the Governor, the immediate passage of this bill is needed to avoid a \$2,100,000 deficit in the current fiscal year. Without additional funding, the Department of the Attorney General will be unable to meet its fiscal obligations for the remainder of fiscal year 1996-1997.

Your Committee believes that the implementation of the program will facilitate a more expedient means of payment disbursement to child support recipients.

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. 1613 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 973 Judiciary on H.B. No. 1635

The purpose of this bill is to clarify the use of the word "perjury" in the criminal history records check procedure of the Department of Public Safety.

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

This bill deletes the word "perjury" and inserts "unsworn falsification to authorities" because the Department of Public Safety does not administer an oath to applicants on their submission of statements as to their criminal history background. The new language is consistent with the offense of unsworn falsification under section 710-1063 of the Hawaii Penal Code.

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. 1635 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 974 Judiciary on H.B. No. 1649

The purpose of this bill is to make wilful falsification of any return, statement, or other document required by the tax laws of Hawaii a class C felony.

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

Current law provides for penalties under section 231-36 HRS, for knowingly falsifying a return. These penalties are based on a jurat signed under the penalty of perjury. Hawaii's perjury statute, however, only applies to false statements made under oath in an official proceeding. The bill corrects this technical defect by eliminating the requirement for a writing signed under the penalty of perjury.

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. 1649, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 975 Judiciary on H.B. No. 2145

The purpose of this bill is to appropriate funds necessary to implement a program of regimental discipline for first-time offenders in the State's prison system.

Your Committee received testimony in support of the bill from the John Howard Association of Hawaii, Government Efficiency Teams, Inc., and numerous private citizens. The Department of Public Safety testified in support of the intent of the measure; provided that adequate funding is appropriated.

By providing funds for the Department of Public Safety to implement a program placing first-time offenders in a fast-track intermediate sanction program that utilizes regimental discipline, your Committee believes that such a program would reduce prison overcrowding and prison costs, increase deterrence, and reduce recidivism.

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. 2145 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 976 Human Resources on H.B. No. 1770

The purpose of this bill is to make appropriations for fiscal bienniums 1995-1997 and 1997-1999 for collective bargaining cost items for unit 1.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the United Public Workers.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1770 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 977 Human Resources on H.B. No. 1771

The purpose of this bill is to make appropriations for fiscal bienniums 1995-1997 and 1997-1999 for collective bargaining cost items for unit 2.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1771 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 978 Human Resources on H.B. No. 1772

The purpose of this bill is to make appropriations for fiscal bienniums 1995-1997 and 1997-1999 for collective bargaining cost items for unit 3.

Your Committee received testimony in support of this measure from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1772 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 979 Human Resources on H.B. No. 1773

The purpose of this bill is to make appropriations for fiscal bienniums 1995-1997 and 1997-1999 for collective bargaining cost items for unit 4.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1773 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 980 Human Resources on H.B. No. 1774

The purpose of this bill is to make appropriations for fiscal bienniums 1995-1997 and 1997-1999 for collective bargaining cost items for unit 5.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the Hawaii State Teachers Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1774 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 981 Human Resources on H.B. No. 1775

The purpose of this bill is to make appropriations for fiscal bienniums 1995-1997 and 1997-1999 for collective bargaining cost items for unit 6.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1775 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 982 Human Resources on H.B. No. 1776

The purpose of this bill is to make appropriations for fiscal bienniums 1995-1997 and 1997-1999 for collective bargaining cost items for unit 7.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the University of Hawaii Professional Assembly.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1776 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 983 Human Resources on H.B. No. 1777

The purpose of this bill is to make appropriations for fiscal bienniums 1995-1997 and 1997-1999 for collective bargaining cost items for unit 8.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1777 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 984 Human Resources on H.B. No. 1778

The purpose of this bill is to make appropriations for fiscal bienniums 1995-1997 and 1997-1999 for collective bargaining cost items for unit 9.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1778, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 985 Human Resources on H.B. No. 1779

The purpose of this bill is to make appropriations for fiscal bienniums 1995-1997 and 1997-1999 for collective bargaining cost items for unit 10.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the United Public Workers.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1779 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 986 Human Resources on H.B. No. 1780

The purpose of this bill is to make appropriations for fiscal bienniums 1995-1997 and 1997-1999 for collective bargaining cost items for unit 13.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1780 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 987 Human Resources on H.B. No. 1781

The purpose of this bill is to make appropriations for fiscal bienniums 1995-1997 and 1997-1999 for collective bargaining cost items for units 3, 4, and 13.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1781 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 988 Human Resources on H.B. No. 1782

The purpose of this bill is to make appropriations for fiscal biennium 1997-1999 for collective bargaining cost items for unit 1.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the United Public Workers.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1782 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 989 Human Resources on H.B. No. 1783

The purpose of this bill is to make appropriations for fiscal biennium 1997-1999 for collective bargaining cost items for unit 2.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1783 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 990 Human Resources on H.B. No. 1784

The purpose of this bill is to make appropriations for fiscal biennium 1997-1999 for collective bargaining cost items for unit 3.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1784 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 991 Human Resources on H.B. No. 1785

The purpose of this bill is to make appropriations for fiscal biennium 1997-1999 for collective bargaining cost items for unit 4.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1785 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 992 Human Resources on H.B. No. 1786

The purpose of this bill is to make appropriations for fiscal biennium 1997-1999 for collective bargaining cost items for unit 5.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the Hawaii State Teachers Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1786 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 993 Human Resources on H.B. No. 1787

The purpose of this bill is to make appropriations for fiscal biennium 1997-1999 for collective bargaining cost items for unit 6.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1787 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 994 Human Resources on H.B. No. 1788

The purpose of this bill is to make appropriations for fiscal biennium 1997-1999 for collective bargaining cost items for unit 7.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the University of Hawaii Professional Assembly.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1788 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 995 Human Resources on H.B. No. 1789

The purpose of this bill is to make appropriations for fiscal biennium 1997-1999 for collective bargaining cost items for unit 8.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1789 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 996 Human Resources on H.B. No. 1790

The purpose of this bill is to make appropriations for fiscal biennium 1997-1999 for collective bargaining cost items for unit 9.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1790 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 997 Human Resources on H.B. No. 1791

The purpose of this bill is to make appropriations for fiscal biennium 1997-1999 for collective bargaining cost items for unit 10.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the United Public Workers.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1791 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 998 Human Resources on H.B. No. 1792

The purpose of this bill is to make appropriations for fiscal biennium 1997-1999 for collective bargaining cost items for unit 11.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1792 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 999 Human Resources on H.B. No. 1793

The purpose of this bill is to make appropriations for fiscal biennium 1997-1999 for collective bargaining cost items for unit 13.

Your Committee received testimony in support of this bill from the Office of Collective Bargaining and the Hawaii Government Employees Association.

Your Committee is unable at this time to ascertain the amounts and defers this matter to the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1793 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 1000 Commerce, Consumer Protection, and Information Technology on H.B. No. 787

The purpose of this bill is to authorize the director of finance to accept Letters of Credit issued by the Federal Home Loan Bank (FHLB) to collateralize State deposits.

Your Committee received written testimony in support of this measure from the Department of Budget and Finance, the Hawaii Bankers Association, and the Hawaii League of Savings Institutions.

Your Committee previously held a public hearing on S.B. No. 1716 that is substantially similar to this measure.

Your Committee finds that this bill expands the list of permissible securities that can be used for protection of public funds and that this will benefit both the State and financial institutions by increasing the pool of available and financially sound collateral.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 787 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1001 Commerce, Consumer Protection, and Information Technology on H.B. No. 1855

The purpose of this bill is to make the Compliance Resolution Fund (CRF) permanent by deleting the repeal date so that the fund may continue beyond July 1, 2001.

Your Committee received written testimony in support of this measure from the Department of Commerce and Consumer Affairs.

Your Committee previously held a public hearing on S.B. No. 1489 that is a companion to this measure.

Your Committee finds that the CRF was established as a special fund in 1982 and has provided a mechanism for use of money collected through specially assessed license fees for the operation of the Regulated Industries Complaints Office (RICO). The CRF has since been expanded to include fees and penalties to support other department functions and has been a critical component in the self sufficiency efforts of the department and its divisions utilizing the fund.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1855, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1002 Commerce, Consumer Protection, and Information Technology on H.B. No. 1858

The purpose of this bill is to hold individual members, managers, and agents of limited liability companies responsible for penal violations of consumer protection laws.

Your Committee received written testimony in support of this measure from the Department of Commerce and Consumer Affairs.

Your Committee previously held a public hearing on S.B. No. 1492 that is a companion to this measure.

Your Committee finds that limited liability companies are legal entities primarily created to take advantage of certain tax and liability laws, and members, managers, or agents of these organizations who cause their organization to violate the law should be held personally responsible. Your Committee has made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1858, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1858, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1003 Commerce, Consumer Protection, and Information Technology on H.B. No. 1863

The purpose of this bill is to allow the Department of Commerce and Consumer Affairs (DCCA) to charge fees for copies of consumer and business educational publications and deposit the fees in the Compliance Resolution Fund (CRF).

Your Committee received written testimony in support of this measure from the DCCA and the Office of Information Practices.

Your Committee previously held a public hearing on S.B. No. 1497 that is a companion to this measure.

Your Committee finds that DCCA prepares a wide variety of consumer and business educational materials for the benefit of the public and that currently the costs of producing these publications are paid from the CRF. Charging reasonable fees for the materials will return a portion of the cost to the fund.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1863, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1004 Commerce, Consumer Protection, and Information Technology on H.B. No. 1878

The purpose of this bill is to reduce the cost of restoring a forfeited license of public accountancy and eliminate the permit restoration requirement, to require fee establishment through the rulemaking process, and to require that all fees be deposited in the Compliance Resolution Fund.

Your Committee previously held a public hearing on S.B. No. 1512 that is a companion to this measure.

Your Committee finds that this measure will benefit the public through consistency regarding fees and continue to encourage self sufficiency of government programs.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1878, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1005 Commerce, Consumer Protection, and Information Technology on H.B. No. 1886

The purpose of this bill is to allow dental hygienists to be certified in the administration of block anesthesia, and to delete language requiring that passage of the dental hygiene examination is dependent on the Board of Dental Examiners' opinion.

Your Committee previously held a public hearing on S.B. No. 1520, which is a companion measure, and made conforming amendments that are identical to H.B. No. 1886, H.D. 1.

Your Committee finds that currently dental hygienists must be certified in the administration of intra-oral infiltration local anesthesia, and the administration of block anesthesia is an extension of this procedure. Certification of block anesthesia is available at dental hygiene schools and workshop courses. Your Committee concurs that this procedure would enhance patient treatment because block anesthesia takes effect faster, lasts longer, and provides more comfort.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1886, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1006 Commerce, Consumer Protection, and Information Technology on H.B. No. 1891

The purpose of this bill is to amend the renewal date for contractor license renewals from April 30 to September 30 of an even-numbered year.

Your Committee previously held a public hearing on S.B. No. 1525, which is a companion measure.

Your Committee finds that contractors are required to submit tax clearances or evidence of a payment plan to satisfy tax delinquencies with the Department of Taxation to renew their licenses. The current date of expiration, April 30 of each even-numbered year, coincides with deadlines for income tax filings, filing of tax clearances by other licensees, and license renewals for other trades and professions.

This measure will reduce inconvenience to contractors and shift departmental workloads to a less hectic period of the year.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1891 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1007 Commerce, Consumer Protection, and Information Technology on H.B. No. 1895

The purpose of this bill is to authorize the establishment of advisory committees for regulatory programs administered by the Director of Commerce and Consumer Affairs to assist in disciplinary actions, investigations, and professional licensing matters.

Your Committee previously held a public hearing on S.B. No. 1529 that is a companion to this measure.

Your Committee finds that this measure will benefit both the professions and government programs through greater opportunities for interaction.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1895, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1008 Commerce, Consumer Protection, and Information Technology on H.B. No. 1896

The purpose of this bill is to deposit professional and vocational license fees to the credit of the Compliance Resolution Fund (CRF) rather than the general fund.

Your Committee received written testimony in support of this measure from the Consulting Engineers Council of Hawaii.

Your Committee previously held a public hearing on S.B. No. 1530 that is a companion to this measure.

Your Committee finds that the CRF is instrumental in the continuing development of self sufficiency of government programs and that professional and vocational license fees are a logical source of funding.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1896, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1009 Commerce, Consumer Protection, and Information Technology on H.B. No. 1897

The purpose of this bill is to make various housekeeping amendments to the law regulating professional engineers, architects, surveyors, and landscape architects by repealing obsolete and unnecessary provisions.

Your Committee previously held a public hearing on S.B. No. 1531, which is a companion measure.

Your Committee finds that the amendments in this bill repeal exemptions dating to 1923 and 1971 that are no longer necessary, repeal possibly discriminatory provisions relating to age and other unnecessary provisions, delete the reference to the Secretary of the Board of Professional Engineers, Surveyors, Architects, and Landscape Architects (Board) for mailing of notices, and repeal the requirement to file names of responsible persons for a corporation or co-partnership with the Board since only individuals are licensed.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1897 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1010 Judiciary on H.B. No. 1591

The purpose of this bill is to permanently establish a state clearinghouse and clearinghouse trust fund to address the problem of missing and exploited children.

Your Committee received testimony in support of this measure from the Office of Hawaiian Affairs, the Honolulu Police Department, the Honolulu Department of Prosecuting Attorney, HGEA/AFSCME Local 152, the Hawaii Justice Foundation, the National Center for Missing and Exploited Children, the Alabama Department of Public Safety, the Montana Department of Justice, the Texas Department of Public Safety, the Hawaii Federation of Business & Professional Women's Clubs, Inc., and two individuals.

Your Committee finds that since its inception as a three-year pilot project in 1994, the Clearinghouse has assisted in the recovery of more than 150 children through a private-public sector partnership. The program not only locates and recovers missing children, it also educates the public about ways to prevent child abduction, molestation, and sexual exploitation.

Your Committee notes that forty-nine states and the District of Columbia have established state clearinghouses, and testimony from law enforcement agencies in three of those states has shown the effectiveness of these programs. Your Committee is in support of this measure and believes the success of the pilot program warrants permanent adoption in Hawaii.

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. 1591, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1011 Economic Development on H.B. No. 665

The purpose of this bill is to extend the sunset date of the Convention Center Authority (CCA) from June 30, 1998, to June 30, 1999, and to appropriate funds for fiscal years 1997-1998 and 1998-1999 for the operation of the convention center.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism (DBEDT), the CCA, and the Hawaii Hotel Association.

Your Committee finds that the convention center is scheduled to open for operations on July 1, 1998. Currently, the CCA is scheduled to sunset on June 30, 1998. This measure, as received from the House, would extend the life of the CCA an additional year in order to allow it to monitor the initial operations of the convention center during its opening year.

Your Committee has amended this measure by deleting all existing language and substituting the contents of S.B. No. 1427, S.D. 1, the Senate companion bill, which extends the sunset date of the CCA to June 30, 2000, and requires DBEDT to report to the Legislature prior to the 1998 Regular Session on feasible alternatives to the current governance structure of the convention center in anticipation of the repeal of the CCA. This measure, as amended by your Committee, also deletes the appropriation for convention center operations contained in the House version.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 665, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 665, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Bunda, Chumbley, Iwase, Kawamoto).

SCRep. 1012 Economic Development on H.B. No. 1528

The purpose of this bill, is to encourage the remodeling of visitor accommodations by establishing an income tax credit equal to four percent of the renovation costs but not exceeding ten percent of the transient accommodations tax paid by the qualified hotel facility.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, the Department of Budget and Finance (with certain recommended changes), the Department of Taxation, the Hawaii Hotel Association, Hilton Hawaiian Village, and a private citizen. The Tax Foundation of Hawaii submitted testimony for informational purposes.

Your Committee finds that in the face of ever-increasing competition from other visitor destinations around the globe, we need to ensure that Hawaii's hotels and resorts are well-maintained and attractive to potential visitors. Unfortunately, the cost to refurbish, repair, and renovate our aging inventory of visitor accommodations can be prohibitive.

The income tax credit established by this measure will induce new renovation and remodeling activities that will generate income, jobs, and tax revenues for the State.

Your Committee has amended this measure by:

- (1) Increasing the cap from ten percent to the total amount of transient accommodations tax paid in the preceding year attributable to the qualified hotel facility;
- (2) Deleting the requirement that excess credits be refunded to taxpayers, and allowing instead a five-year carryforward of excess credits;

- (3) Changing the repeal date of the measure from December 31, 1999, to December 31, 1998, to correspond to the taxable years covered; and
- (4) Making several technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1528, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1528, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Iwase, Matsunaga, Solomon, Tanaka).

SCRep. 1013 Economic Development on H.B. No. 1694

The purpose of this bill is to promote professional services exported from Hawaii to foreign markets by exempting architects, engineers, urban planners, and land use planners from the general excise tax on revenues derived from work conducted on international projects.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, the Department of Taxation, the Democratic Party of Hawaii, the American Institute of Architects Hawaii State Council, Architects Hawaii Limited, Belt Collins Hawaii, Wimberly Allison Tong & Goo, the Building Industry Association of Hawaii, Media Five Limited, and GYA Architects, Inc. The Tax Foundation of Hawaii submitted testimony for informational purposes.

Your Committee finds that the general excise tax exemption contained in this measure will promote the export of much sought-after professional services from Hawaii to foreign markets, but believes that the exemption should be broadened to increase the intended effect.

Your Committee has therefore substituted the contents of this measure with the contents of S.B. No. 1424, S.D. 1, the Senate companion measure, which broadens the exemption to include international services performed by education professionals, health care professionals, attorneys, and accountants, and deletes the requirement that exempt international services be "site-specific".

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1694, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1694, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Bunda, Chumbley, Iwase, Kawamoto).

SCRep. 1014 Economic Development on H.B. No. 1695

The purpose of this bill is to extend the maximum term of any energy performance contract from ten to fifteen years and to require that any energy performance contract provide that total payments shall not exceed total savings.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, the Department of Education, the Energy Coordinator, County of Kauai, and Hawaiian Electric Company.

Your Committee finds that extending the current term limitation for energy performance contracts an additional five years, to fifteen years, will ensure that the State is able to take full advantage of the widest range of energy saving technologies and investments.

Your Committee has amended this measure by deleting all existing language and substituting the contents of S.B. No. 1425, S.D. 1, the Senate companion bill, which mandates a retroactive effect upon all existing energy performance contracts executed by any agency under section 36-41, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1695, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1695, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Bunda, Chumbley, Iwase, Kawamoto).

SCRep. 1015 Economic Development on H.B. No. 1699

The purpose of this bill is to:

- (1) Establish a loan guarantee program that allows the Department of Business, Economic Development, and Tourism (DBEDT) to guarantee up to ninety percent of the principal balance of a loan made to a qualified small business by a private lender; and
- (2) Allow the transfer of funds between the Hawaii Capital Loan Revolving Fund and the Hawaii Strategic Development Corporation Fund.

Your Committee received testimony in support of this measure from DBEDT.

Your Committee finds that the establishment of a loan guarantee program will enable the State to better leverage its limited funds and promote a greater level of loan activity.

Your Committee further finds that this measure will allow the Hawaii Strategic Development Corporation to utilize capital loan program funds to invest in new local companies and technologies, which in turn will attract venture investment from mainland and foreign sources.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1699, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Bunda, Chumbley, Iwase, Kawamoto).

SCRep. 1016 (Majority) Economic Development on H.B. No. 1700

The purpose of this bill is to increase the Hawaii Community Development Authority's (HCDA) public facilities revenue bond authorization from \$35 million to \$125 million.

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

Your Committee finds that the requested increase in HCDA's authorization to issue public facilities revenue bonds will enable the agency to continue to serve as a catalyst for redevelopment and renewal of Kakaako.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1700 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, 1 (Slom). Excused, 4 (Bunda, Chumbley, Iwase, Kawamoto).

SCRep. 1017 Economic Development on H.B. No. 1750

The purpose of this bill is to provide that the assignment and transfer of an agricultural lease may be made if the assignee is a bona fide individual farmer or nonindividual farm concern.

Your Committee received testimony in support of this measure from the Department of Agriculture, the Department of Land and Natural Resources, the ILWU Local 142, and the Hawaii Farm Bureau.

Your Committee finds that, due to ambiguities in current law, a number of non-farmers in recent years may have received assignments of agricultural leases on state trust lands. This measure will allow the Department of Land and Natural Resources to ensure that state trust lands dedicated to agriculture are actually used in agricultural pursuits.

Your Committee notes that the Department of Agriculture, addressing concerns raised by the ILWU, indicated that displaced sugar workers would meet the statutory definition of "bona fide individual farmers" for purposes of this measure.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1750, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Water, Land, and Hawaiian Affairs.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Chumbley, Iwase, Matsunaga, Solomon).

SCRep. 1018 Economic Development on H.B. No. 2222

The purpose of this bill is to appropriate funds to establish manufacturing extension programs in Hawaii.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development (DBEDT), and Tourism and the Industry Network Corporation.

Your Committee finds that this measure would provide funds to be used to match federal funds provided by the National Institute for Standards and Technology (NIST) for the operation of a Manufacturing Extension Partnership (MEP) in Hawaii.

The MEP is a national effort by the U.S. Department of Commerce to enhance the international competitiveness of U.S. manufacturers through technical assistance in areas such as production technology, quality control, marketing, and financing. NIST has contracted with Industry Network Corporation, a private nonprofit organization, to operate the MEP in Hawaii, as it does in four other states.

DBEDT has indicated that approximately \$3,000,000 in federal funds is available for Hawaii over a six-year period with the exact amount dependent on local matching funds. FY 1997 federal funding is approximately \$435,000.

DBEDT has also indicated that funds for this project are not currently in the Executive Biennium Budget.

Your Committee has amended this measure by increasing the appropriation from \$1 to \$2.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2222, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2222, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Bunda, Chumbley, Iwase, Kawamoto).

SCRep. 1019 Judiciary on Gov. Msg. No. 144

Recommending that the Senate advise and consent to the nomination of CLAUDIO R. SUYAT to the Civil Rights Commission, term to expire June 30, 1999.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1020 Judiciary on Gov. Msg. No. 150

Recommending that the Senate advise and consent to the nomination of ALFRED K. BEAVER, SR., as Chairperson, Hawaii Paroling Authority, term to expire June 30, 1997.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1021 Judiciary on Gov. Msg. No. 160

Recommending that the Senate advise and consent to the nominations of the following to the Board of Registration, Island of Hawaii:

DONALD E. ABDUL, terms to expire June 30, 1997 and June 30, 2001; and

JEANNE E. YAGI, term to expire June 30, 1998.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1022 Commerce, Consumer Protection, and Information Technology on S.R. No. 115

The purpose of this resolution is to request:

- (1) That the Senate incorporate within the rules of the Senate a rule stating that whenever the Senate's obligation to advise and consent to any nomination made by the Governor under the Constitution of the State of Hawaii is in any way impaired by an improper nomination, a request to withdraw the nomination be immediately made to the Governor by resolution; and
- (2) That the Governor withdraw the name of Gregory G.Y. Pai as a nominee to the Public Utilities Commission for this 1997 Regular Session.

Your Committee is in strong support of this Resolution and believes the seriousness of the issue warrants such action. However, your Committee also wishes to emphasize that such action should not be undertaken unless the advise and consent process is seriously jeopardized.

Your Committee has therefore amended the title of this Resolution to read:

"SENATE RESOLUTION REQUESTING THAT THE SENATE ESTABLISH A PROCESS FOR WITHDRAWAL OF GUBERNATORIAL NOMINATIONS BY RESOLUTION WHEN SUCH NOMINATION IMPAIRS THE ADVICE AND CONSENT PROCESS AND THAT THE GOVERNOR WITHDRAW THE NOMINATION OF GREGORY G.Y. PAI TO THE PUBLIC UTILITIES COMMISSION."

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 115, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 115, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 1023 Ways and Means on H.B. No. 145

The purpose of this bill is to establish an emergency and budget stabilization fund, or "rainy day" fund.

The bill requires the Legislature to transfer an amount up to an as yet unspecified percentage of the general fund balance to the fund whenever the general fund balance at the close of a fiscal year exceeds an as yet unspecified percentage of the total moneys received in the general fund for that fiscal year. The provisions of this bill, which amend chapter 37, Hawaii Revised Statutes, are contingent on the ratification of a constitutional amendment, which is contained in a separate House bill, establishing an emergency and budget stabilization fund.

Your Committee received testimony in opposition to this bill from the Department of Budget and Finance. Informational testimony was received from the Tax Foundation of Hawaii.

Your Committee has amended this bill by deleting its contents and inserting the substance of S.B. No. 941, S.D. 1. Specifically, this bill now proposes a constitutional amendment that would create a budget stabilization fund, require the Legislature to appropriate

for deposit into the budget stabilization fund an as yet unspecified percentage of the general fund balance in excess of five per cent of general fund revenues at the close of a fiscal year, and require a three-fourths vote of the members of each house of the Legislature to authorize expenditures from the fund.

Your Committee finds that the establishment of a state "rainy day" fund merits serious consideration at the present time, especially given the State's current fiscal problems and static short-term economic projections. Ensuring the availability of a temporary supplemental source of funding during times of emergency, economic downturn, or unforeseen reductions in revenues, would be of great benefit to all of the citizens of this State.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 145, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 145, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 11. Noes, none. Excused, none.

SCRep. 1024 Education on H.B. No. 137

The purpose of this bill is to appropriate unspecified sums in fiscal year 1997-1998 and 1998-1999, for the development of multi-disciplinary programs by the joint partnership of the University of Hawaii and the East-West Center. Specifically, the programs shall focus on the economic growth and integration of the Asia Pacific region.

Your Committee received testimony supporting this measure from the University of Hawaii and the East-West Center.

Your Committee finds that the University's professional schools have a number of on-going programs that focus on the Asia-Pacific region and are always looking for better ways to collaborate among themselves and with the East-West Center. Some of the programs include assisting in developing programmings for the recent regional meeting of the Inter-Pacific Bar Association, sponsoring an upcoming program for legal professionals from Vietnam, and working together with Ristumeikan University in Japan to develop a new international university in Japan.

Your Committee further finds that the University also offers dual degree programs from the School of Law, the College of Business Administration, and the School of Hawaiian, Asian and Pacific Studies. Additionally, the College of Business Administration's Japan-focused MBA and China-focused MBA programs integrate faculty from other university colleges and schools.

Your Committee believes that the joint effort can lead to the development and marketing of innovative educational programs that take advantage of largely existing programs and resources in the two institutions to help Hawaii become even more constructively engaged in the Asia-Pacific region.

Your Committee has amended this bill by inserting the sums of \$1 in the appropriations for fiscal years 1997-1998 and 1998-1999.

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. 137, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 137, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 1025 (Majority) Education on H.B. No. 294

The purpose of this bill is to appropriate \$1 in fiscal year 1997-1998 provided that the National Network for Educational Renewal (NNER) provides dollar-for-dollar matching funds, and \$1 in fiscal year 1998-1999 provided that the NNER provides in-kind or other matches, for the establishment and operation of the Center for Teacher Education at the University of Hawaii.

Your Committee received testimony supporting this measure from the University of Hawaii, the Department of Education, the District Superintendent for the Honolulu District, the Colleges of Arts and Sciences, the Hawaii State Teachers Association, the Hawaii School University Partnership, three educators from Pearl Ridge Elementary School, and two recent graduates in the College of Education Cohort Program for Elementary Education.

Your Committee finds that an improvement in teacher education and an improvement in student learning can best be accomplished when teachers, preservice education students, school administrators, and practicing teachers work in partnership. The productivity of this collaboration is well documented by the educational research and resulting recommendations published by Goodlad and associates in the NNER, the Holmes Partnership, and the College of Education's experience with innovative teacher education programs such as the Master of Education in Teaching Degree and the Bachelor of Education Degree Elementary Cohort Program.

Your Committee further finds that the major aspect of the Center will be to assist College of Education and Hawaii State Department of Education faculty in the development of school partnerships with an aim toward educator preparation, professional development, and school renewal and restructuring.

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. 294, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, 1 (Ige, M.). Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 1026 (Majority) Education on H.B. No. 585

The purpose of this bill is to amend section 304-34, Hawaii Revised Statutes, relating to the Center for Labor Education and Research (CLEAR) by requiring a minimum of four permanent position core staff members in addition to a director. Additionally, this bill appropriates \$1 in fiscal years 1997-1998 and 1998-1999 for CLEAR's operation and for the development of a labor studies degree program within the University of Hawaii system.

Your Committee received testimony supporting this measure from the Democratic Party of Hawaii, Local 5, the Hawaii State Teachers Association, State of Hawaii Organization of Police Officers, American Federation of State, County and Municipal Employees, the Hawaii Government Employees Association, the Pacific Resource Partnership, IBEW Local 1260, the Hawaii Teamsters Local 996, the United Food & Commercial Workers Union Local 480, the Laborers' Union Local 368, the Service Employees International Union Local 556, the Labor Education Advisory Council, and the ILWU Local 142.

Your Committee finds that in 1976, CLEAR was established by Act 202 to provide specialized education and research opportunities for Hawaii's labor movement. CLEAR presents workshops and seminars that reach nearly five thousand working men and women each year. Some of the topics covered were sexual harassment, workplace violence, and labor history and economics. CLEAR has produced over three hundred Rice and Roses programs that have documented our unique labor heritage.

Your Committee further finds that the 1996 University budget cuts crippled the center and almost derailed its production of the 1946 sugar strike documentary, a project that involved two years of research.

Your Committee notes that in 1996, Act 276 was passed which relocated CLEAR from the University's Manoa campus to West Oahu. The Legislature mandated that CLEAR retain all of its functions, staff, existing budget, and other properties to provide credit and noncredit labor studies courses.

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. 585, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, 1 (Slom). Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 1027 Education on H.B. No. 886

The purpose of this bill is to appropriate unspecified sums in fiscal years 1997-1998 and 1998-1999, for outreach programs for Maui Community College and Kauai Community College, for the West Hawaii University Center, and for the University of Hawaii at Hilo's Masters degree programs; provided that dollar-for-dollar matching funds are contributed from private or other sources.

Your Committee received testimony supporting this measure from the Department of Education. The University of Hawaii and the District Superintendent, Kauai District, supported the bill with amendments.

Your Committee finds that providing access to high quality programs and services is a University priority despite the fiscal deficit. In 1996, the Board of Regents adopted a University of Hawaii Strategic Plan which reinforces the University's commitment to outreach programs. The University has also established University Centers on neighbor islands to promote and facilitate the delivery of programs not already available in its communities.

Your Committee notes that the Governor transferred positions and general funds of \$925,319 from the University of Hawaii at Hilo to Hawaii Community College for the operation of the University Center in West Hawaii.

Your Committee has amended this bill by removing all matching fund requirements.

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. 886, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 886, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 1028 Education on H.B. No. 1006

The purpose of this bill is to increase to twelve the members of the University of Hawaii Board of Regents and require that at least one member of the Board be a University student or recent graduate. The bill also restricts the student or graduate member from participating and voting on all personnel matters, and limits the term of student or recent graduate membership to two years.

Your Committee received testimony supporting this measure from six University students and three interested citizens. The University of Hawaii provided testimony opposing this measure. Testimony commenting on the operation of the Board of Regents was received from an interested citizen.

Your Committee finds that in 1996, the legislature enacted Act 266 which required that the Board of Regents appoint an ex officio student member to each of its standing committees. Although these student committee members do not have voting rights they have served diligently by gathering information from all campuses in order to add student perspectives to Board discussions surrounding University proposals. The Board of Regents has recognized and valued the student member's input.

Your Committee finds that the Board of Regents renders decisions that directly impact the lives and experiences of all University students. A voting student member on the Board would provide student representation and accountability on issues that affect students.

Your Committee amended this bill by removing all references to recent graduates as candidates for appointment to the Board. Your Committee has also amended the bill to clarify the proviso excluding the student member from participating and voting on any personnel matter.

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. 1006, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1006, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1029 Education on H.B. No. 1656

The purpose of this bill is to repeal the statutory requirement that the University of Hawaii dedicate \$1,000,000 in tuition revenues annually to the Hawaii Opportunity Program in Education (HOPE) for scholarships.

Your Committee received testimony supporting this measure from the University of Hawaii.

Your Committee finds that the HOPE program was established to provide scholarships to financially disadvantaged students, particularly those from underrepresented ethnic groups in the University's student population.

Your Committee further finds that in 1995, Act 161 was enacted which, among other things, provided the University Board of Regents with authority to manage tuition revenues and to grant tuition waivers to qualifying students. With the passage of Act 161, the effects of scholarships under the HOPE program can now be achieved through tuition waivers with a similar impact on tuition revenues.

Your Committee amended this bill by making a technical, nonsubstantive amendment for proper drafting 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. 1656, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1656, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 1030 Education on H.B. No. 1659

The purpose of this bill is to include training and study in the purpose section of the Research Corporation of the University of Hawaii for clarification.

Your Committee received testimony supporting this measure from the University of Hawaii and the Research Corporation of the University of Hawaii.

Your Committee finds that the intent of Act 19, Session Laws of Hawaii 1995, was to include business related training as one of the kinds of services that the Research Corporation could undertake. However, training is not specified as one of the purposes of the Research Corporation. Specifically listing training and study as purposes of the Research Corporation clarifies the legislative intent.

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. 1659 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 1031 Education on H.B. No. 1663

The purpose of this bill is to authorize the University of Hawaii (University) to deposit into the Intercollegiate Athletics Revolving Fund proceeds from intercollegiate athletic events, donations, gifts, grants, contracts, and the rental of athletic facilities for events other than intercollegiate athletics. These funds may be spent for the maintenance and operation of the facilities, and to support intercollegiate athletics programs.

Additionally, this bill exempts the University from the rulemaking requirements of chapter 91, Hawaii Revised Statutes (HRS), regarding the establishment of ticket prices, rental rates, or other charges that generate receipts for deposit into the revolving fund.

Your Committee received testimony supporting this measure from the University.

Your Committee finds that declining appropriations to the University have forced it to develop alternative methods of obtaining funding to maintain its athletic programs. These alternative methods include fund raising and rental of athletic facilities.

Your Committee has amended this bill to clarify that although the University will be exempt from the requirements of chapter 91, HRS, it will still be subject to the requirements of chapter 92, HRS.

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. 1663, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1663, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 1032 (Majority) Education on H.B. No. 1664

The purpose of this bill is to authorize Hawaii's participation in the Western Governors University. Specifically, this bill:

- (1) Adds a new part to chapter 304, Hawaii Revised Statutes, which establishes Hawaii's participation and membership in the Western Governors University and establishes a Western Governors University special fund; and
- (2) Appropriates \$1 in fiscal year 1997-1998 for membership fees in the Western Governors University.

Your Committee received testimony supporting this measure from the University of Hawaii.

Your Committee finds that the Western Governors University is being designed to provide competency-based education to citizens throughout the western United States through the use of modern information and telecommunications technologies. This new institution is based on the premise of cooperation within the region to ensure that scarce educational resources within participating states are leveraged to maximize efficiency.

Your Committee further finds that the Western Governors University can provide Hawaii's citizens with access to educational programs from other states that are not available locally.

Your Committee amended this bill by deleting the \$1 appropriation and inserting the correct membership fee of \$100,000.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1664, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1664, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 2 (Ige, M., Slom). Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 1033 Education on H.B. No. 1904

The purpose of this bill is to transfer custody of Federal land-grant aid moneys from the state Director of Finance to the University of Hawaii. The bill also designates the University Board of Regents as custodian.

Your Committee received testimony supporting this measure from the University of Hawaii.

Your Committee finds that Federal land-grant aid moneys are specifically earmarked for the endowment, support, and maintenance of a college and cannot be used for any other purpose. Under the current statute the University receives 5.1 percent of the principal regardless of the endowment's actual earnings. Any earnings above 5.1 percent are retained by the State. Consequently, the principal balance in the endowment has remained unchanged for thirty-six years.

Your Committee believes the custody transfer of the fund would be consistent with the intent of Congress to establish a perpetual endowment fund with the income from investments to be used for the support and maintenance of at least one college within the State. Additionally, reinvestment of earnings into the fund would promote growth of the fund for the benefit of the University.

Your Committee has amended this fund by including existing statutory language regarding the annual report to the governor, the last paragraph of section 304-7, Hawaii Revised Statutes, which was left out of the bill, and adding the requirement that an annual report also be provided to the legislature. Additionally, a technical, nonsubstantive amendment was made.

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. 1904, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1904, H.D. 3, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 1034 Education on H.B. No. 2016

The purpose of this bill is to amend chapter 304, Hawaii Revised Statutes, by adding a new section which establishes a University of Hawaii-Hilo Theatre Revolving Fund.

Your Committee received testimony supporting this measure from the University of Hawaii with funding reservations. The Department of Budget and Finance opposed this measure.

Your Committee finds that the University of Hawaii at Hilo Theatre is a major performing arts educational and cultural center. The theatre program is an important adjunct to the University's educational, cultural, and community service goals. A typical season includes over one-hundred-fifty performances of dance, drama, music, mime, children's shows, and special events. These events are attended by over sixty thousand people annually.

Your Committee also finds that the theatre program has operated through both special funds and the University of Hawaii Foundation accounts. However, the theatre program has been advised by the University Foundation that they would prefer limiting fiscal activity. The revolving fund would allow consolidation of all fiscal activities into one account and would allow efficient operation of the program.

Your Committee further finds that moneys collected from admissions, advertising sales, corporate sponsorships, marketing, merchandising, donations, fundraising, and other charges would be deposited into the revolving fund to be used for financial activities related to producing and presenting performing arts events.

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. 2016, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 1035 Commerce, Consumer Protection, and Information Technology on H.B. No. 367

The purpose of this bill is to prevent:

- (1) Minors from obtaining liquor through direct shipments; and
- (2) Unfair competition by direct shippers who have not paid the State any license fees or taxes.

Your Committee received written testimony in support of the bill from the Department of Taxation, the City and County of Honolulu's Department of Finance, the County of Maui's Department of Liquor Control, and the Retail Liquor Dealers Association.

Your Committee previously held a public hearing on S.B. No. 150 that is substantially similar to this bill.

Your Committee notes that representatives of the liquor industry have expressed concerns that the illegal activity of direct shipment of liquor to individuals allows minors to obtain liquor, hurts retail liquor sales of local businesses, and costs the State money in uncollected taxes.

Additionally, representatives from the liquor industry conservatively estimate that nationwide, the direct shipment of liquor generates approximately \$550 million to \$1 billion a year. The direct shippers have not paid the State any taxes that are due. Due to the direct shipping industry, the State has been losing additional moneys in general excise taxes and employment.

Upon careful consideration, your Committee has amended the measure by changing the penalty for unlawful shipping of liquor from out-of-state from a petty misdemeanor to a class C felony.

Your Committee is in agreement with the intent of the bill as amended and believes the penalties will deter illegal shipments more effectively than the current law.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 367, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 367, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1036 Commerce, Consumer Protection, and Information Technology on H.B. No. 1854

The purpose of this bill is to extend the authorization to issue reimbursable general obligation bonds for the Hawaii Hurricane Relief Fund (HHRF) through fiscal year 1998-1999.

Your Committee received written testimony in support of this measure from the Insurance Commissioner and the Hawaii Hurricane Relief Fund.

Your Committee previously held a public hearing on S.B. No. 1488 that is a companion to this measure.

Your Committee finds that extension of the authorization to issue general obligation bonds will ensure the integrity of the HHRF. Your Committee has amended this measure to give the State Supreme Court original and exclusive jurisdiction over any actual controversy or dispute concerning article VII of the State Constitution to financing of HHRF.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1854, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1854, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1037 Commerce, Consumer Protection, and Information Technology on H.B. No. 1868

The purpose of this bill is to make various substantive and technical amendments to chapter 431P-1, Hawaii Revised Statutes (HRS), to improve administration of the Hawaii Hurricane Relief Fund (HHRF). Specifically, the bill:

- (1) Modifies the power of the board of directors of the HHRF with respect to the special mortgage recording fee and allows the imposition of fines for nonpayment of fund revenues;

- (2) Clarifies the provisions providing immunity and limitations on liability for insurance agents;
- (3) Authorizes coverage for structures in addition to a residence;
- (4) Establishes a one-year statute of limitations for actions under a hurricane insurance policy; and
- (5) Limits coverage to comparable coverage for fire and windstorm.

Your Committee received written testimony in support of this measure from the HHRF and comments from the Department of Housing and Community Development.

Your Committee previously held a public hearing on S.B. No. 1502, that is a companion to this measure.

Your Committee has amended the bill at the request of the HHRF to:

- (1) Add the Hawaii employer's mutual insurance company under article 14A to the definition of "licensed property and casualty insurer";
- (2) Amend section 431P-5(b), HRS, to delete the reference to chapter 91, HRS, in paragraph (14) in order to allow expedited changes to the special mortgage recording fee;
- (3) Amend section 431P-16(b), HRS, to reinstate language that sets forth the amount of the special mortgage recording fee and add the manner of its calculation; and
- (4) Make a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1868, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1868, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1038 Commerce, Consumer Protection, and Information Technology on H.B. No. 1869

The purpose of this bill is to allow the Insurance Commissioner to hire auto insurance personnel without regards to chapters 76 and 77, Hawaii Revised Statutes.

Your Committee received written testimony in support of this measure from the Insurance Commissioner.

Your Committee previously held a public hearing on S.B. No. 1503 that is a companion to this measure.

Your Committee finds that the Insurance Division handles approximately 300 no-fault challenges per month and that the ability to hire personnel with specialized knowledge is vital to ensure prompt review at all levels of the process.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1869, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1039 Commerce, Consumer Protection, and Information Technology on H.B. No. 1870

The purpose of this bill is to require an employer to maintain an effective safety and health program throughout the entire period of the workers' compensation insurance policy to qualify for a premium discount.

Your Committee received written testimony in support of this measure from the Insurance Commissioner.

Your Committee previously held a public hearing on S.B. No. 1504 that is a companion to this measure.

Your Committee finds that current law mandates an insurance premium discount of five percent for the entire policy period even if an employer discontinues a certified safety and health program immediately after obtaining certification. This bill would rectify this inequity.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1870 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1040 Commerce, Consumer Protection, and Information Technology on H.B. No. 1900

The purpose of this bill is to establish four new types of insurance licenses and provide for the fees and renewal of each of these new types of licenses; and to repeal the examination exemption of certain nonresident agents and brokers.

In addition, the bill establishes a mailing deadline for general agent, subagent, and solicitor notice of appointment forms, and provides that, if not timely mailed, the appointment shall take effect only upon actual receipt by the Insurance Commissioner.

Your Committee received written testimony in support of this measure from the Department of Commerce and Consumer Affairs.

Your Committee previously held a public hearing on S.B. No. 1534 that is a companion to this measure.

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

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1900, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1900, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1041 Transportation and Intergovernmental Affairs on H.B. No. 19

The purpose of this bill is to provide fines of \$150 to \$300 for parking in a stall reserved for the disabled and specifies signage requirements for these parking stalls.

Your Committee received testimony in support of this bill from the Police Department of the County of Hawaii, the Commission on Persons with Disabilities, and Hawaii Centers for Independent Living. Testimony in support of the intent of this bill was received by a private citizen.

Your Committee finds that stronger penalties are necessary to deter persons from abusing reserved parking stalls for the disabled. When these parking stalls are used by persons who are not disabled, it creates hardships for those persons for whom the reserved parking stalls were intended.

Therefore, your Committee has amended this bill by increasing fines to not more than \$500, instead of \$300, to provide for stronger deterrence to illegal parking in stalls reserved for the disabled. Corrections to statutory language and technical, nonsubstantive changes were made for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 19, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 19, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1042 Transportation and Intergovernmental Affairs on H.B. No. 33

The purpose of this bill is to authorize the Director of Transportation to transfer excess moneys from the State Highway Fund to the General Fund. It also establishes a Transportation Improvement Special Fund:

- (1) To fund qualified transportation projects; and
- (2) To receive reimbursements from developers who have been advanced public funds to fulfill conditions of land use development relating to transportation.

Your Committee received testimony in support of this bill from the Department of Transportation, Department of Public Works and Waste Management of the County of Maui, Chamber of Commerce of Hawaii, and the Leeward Oahu Transportation Management Association. Testimony in opposition of this bill was received from the Hawaii Transportation Association. Comments were submitted by the Department of Budget and Finance and the Tax Foundation of Hawaii.

Your Committee supports establishing innovative financing options for transportation infrastructure improvements. The Transportation Improvement Special Fund is one way the State can partner with developers to advance the construction of required transportation improvements. The Fund will allow the use of public and matching funds to implement eligible transportation projects, with the developers providing the matching share at the onset of the project, while repaying the public portion up to the limits of their required obligation, as their development progresses. Moneys received from the developer repayment shall be paid into the Transportation Improvement Special Fund, and used to finance other priority transportation projects. This financing concept is supported and approved by the Federal Highway Administration, on the condition that a separate account, such as the Transportation Improvement Special Fund, is established and used for transportation purposes.

Upon consideration, your Committee is concerned that the many major transportation projects planned throughout the State will be compromised if any excess funds are transferred to the General Fund. Therefore, your Committee has amended this bill by removing provisions relating to the transfer of excess funds from the State Highway Fund to the General Fund. Technical, nonsubstantive changes were also made for purposes of style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 33, H.D. 2, as amended herein, and

recommends that it pass Second Reading in the form attached hereto as H.B. No. 33, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1043 Transportation and Intergovernmental Affairs on H.B. No. 397

The purpose of this bill is to exempt stored vehicles from county motor vehicle taxes and allow junking of vehicles by surrendering the vehicle's title to the Director of Finance. It also prohibits junked vehicles from being registered or re-titled.

Your Committee received testimony in support of this bill from the Department of Finance of the City and County of Honolulu. The Tax Foundation of Hawaii submitted comments.

Your Committee finds that in 1995, the Legislature repealed the motor vehicle registration provisions which allowed owners of stored, stolen, junked, or out-of-state registered motor vehicles to be exempt from their registration fees. Your Committee recognizes that new statutory language is required so that a person may store a vehicle without accumulation of taxes, and a person can junk a nonrepairable vehicle.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 397, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1044 Transportation and Intergovernmental Affairs on H.B. No. 1833

The purpose of this bill is to clarify ambiguities in section 291-55, Hawaii Revised Statutes, with respect to the payment of parking fees by qualified persons with disabilities.

Your Committee received testimony in support of this bill from the Police Department of the County of Hawaii and a private citizen. The Commission on Persons with Disabilities submitted comments.

Your Committee is concerned with the needs of persons with disabilities who are required to travel to other islands to receive specialized medical care, and believes that their required costs of travel and parking for long periods may cause them unwarranted hardship.

Therefore, your Committee has amended this bill by permitting qualified persons with disabilities to park in state airport parking lots free of charge for up to twenty-four hours provided those persons provide evidence that the parking space was used primarily to travel to or from another island to receive medical care.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1833, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1833, S.D. 1, and be referred to the Committee on Health and Environment.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1045 Transportation and Intergovernmental Affairs on S.C.R. No. 29

The purpose of this concurrent resolution is to request an analysis of solutions to the public right-of-way issue.

Your Committee received testimony in support of this concurrent resolution from the Kalihi Valley Neighborhood Board and a private citizen.

Your Committee finds that an analysis is necessary to clarify the State's and County's responsibilities of neglected or abandoned public rights-of-way by requesting a report to the Legislature from the Attorney General.

Your Committee has amended this concurrent resolution by adding an additional request to the Attorney General to report to the Legislature on what changes or additions to the Hawaii Revised Statutes would require the counties to protect and preserve nondedicated roadways from past, present, or future encroachments that reduce the purpose of rights-of-way in serving all members of the general public.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 29, as amended herein, and recommends that it be referred to the Committee on Judiciary, in the form attached hereto as S.C.R. No. 29, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1046 (Joint) Transportation and Intergovernmental Affairs and Economic Development on H.B. No. 417

The purpose of this bill is to provide funding for the Department of Land and Natural Resource's Trail and Access Program (Na Ala Hele) by using a proportional share of fuel tax revenue, user fees, and private funding sources to be deposited into the Special

Land and Development Fund. Funding through the fuel tax would be limited to \$250,000 per fiscal year. This bill appropriates \$1 for the program.

Your Committees received testimony in support of this bill from the Department of Transportation, the Board of Land and Natural Resources, and the Hawaii Chapter of the Sierra Club.

Your Committees find that the Na Ala Hele program is a statewide trail and access program maintained by the Department of Land and Natural Resources. The program has not been funded at an appropriate and consistent level because of current budgetary restrictions. Program efforts include trail restoration, new trail development, and maintenance of existing trails which have received short shrift while hikers, nature enthusiasts, and others call for access to more recreational areas. By providing funding from the fuel tax for the Na Ala Hele program, the Department can count on continuing funding, and make plans to maintain trails and accesses on a regular basis.

Your Committees have amended this bill by deleting language allowing the Board of Land and Natural Resources to use funds without prior legislative authority. The language was removed to conform with the Attorney General's opinion that the language would be in violation of Article VII, Section 5 of the 1978 Hawaii State Constitution.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Economic Development that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 417, H.D. 3, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 417, H.D. 3, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 7. Noes, none. Excused, 6 (Aki, Bunda, Fernandes Salling, Matsunaga, Solomon, Slom).

SCRep. 1047 Commerce, Consumer Protection, and Information Technology on H.B. No. 364

The purpose of this bill is to extend the investment options of the State to include government sponsored student loan securities, such as student loan auction rate securities, student loan asset-backed notes, and student loan program revenue notes and bonds.

Your Committee received testimony in support of this measure from the Department of Budget and Finance and Smith Barney, Inc.

Your Committee finds that the State already has in place very strict criteria for short term investments, including high credit quality and safety, high liquidity, competitive return rates, and low administration and transaction cost. Student loan securities meet all these criteria.

Your Committee is in agreement that this measure will provide the State with additional security investment options, an important consideration in the current period of declining revenues.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 364, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1048 Commerce, Consumer Protection, and Information Technology on H.B. No. 1645

The purpose of this bill is to amend the tax laws to bring entities formed pursuant to the new Uniform Limited Liability Company Act under the tax provisions.

Your Committee previously held a public hearing on S.B. No. 1322 that is a companion to this measure.

Your Committee supports the intent of this measure and has made technical, nonsubstantive amendments to conform to standard drafting format.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1645, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1645, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1049 Commerce, Consumer Protection, and Information Technology on H.B. No. 1653

The purpose of this bill is to promote fairness and equity among all insurance companies by repealing the one percent insurance premium tax credit for insurance companies that meet certain statutory criteria.

Your Committee received written testimony in support of this measure from the Department of Budget and Finance.

Your Committee finds that repeal of the tax credit is expected to generate \$6.4 million beginning in FY 1998, that approximately \$4 million paid annually by foreign insurers will be deposited into the general fund commencing FY 1998, and that approximately \$27 million presently in escrow can be transferred on a one-time basis to the general fund.

Your Committee previously held a public hearing on a similar measure and supports the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1653, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1050 Commerce, Consumer Protection, and Information Technology on H.B. No. 1687

The purpose of this bill is to establish the means whereby the State can streamline its operations and provide more timely and effective services to the public by authorizing the use of electronic funds transfers for payments to the State and transfers of State moneys.

Your Committee previously held a public hearing on S.B. No. 1417, that is a companion to this measure and supports the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1687 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1051 Commerce, Consumer Protection, and Information Technology on H.B. No. 2202

The purpose of this bill is to:

- (1) Authorize the establishment of the position of captive insurance administrator and the captive insurance administrative fund;
- (2) Provide for examiners and other support personnel within the insurance division and under the supervision and control of the insurance commissioner;
- (3) Provide funding for the captive insurance personnel and expenses from captive insurance premium taxes, fees, and other moneys deposited in the fund; provided that any moneys over the expenditure limit of \$250,000 or forty percent of the total in the fund shall revert to the general fund; and
- (4) Require the commissioner to submit an annual report to the legislature on the use of the fund.

Your Committee received testimony in support of this measure from the Insurance Commissioner, Hawaii Captive Insurance Council, Alexander & Alexander, Becher + Carlson Companies, Hawaii Captive Insurance Management, Inc., Johnson & Higgins Services, Inc., and Marsh & McLennan.

Your Committee finds that currently the Insurance Division has a task force that is responsible for regulating the captive insurance industry. The task force is comprised of members of the division assigned to this work as well as their other full time duties.

Your Committee also finds that Hawaii is now the second largest captive domicile in the U.S., with approximately fifty companies or groups in this State, and the industry continues to grow. Your Committee agrees that effective regulation of the captive industry requires specialized staff and dedicated funding in order to oversee the continued growth of the industry.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2202, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1052 Water, Land, and Hawaiian Affairs on H.B. No. 363

The purpose of this bill is to ensure the efficient use of public lands.

Specifically, the bill:

- (1) Requires the Board of Land and Natural Resources (Board) to submit an annual report to the Legislature on the uses being made of public lands in the State;
- (2) Requires that each annual report evaluate at least ten percent of the parcels of the total public lands, so that each parcel or area of public lands be reported on at least once during a ten-year period; and
- (3) Allows the Legislature, by the adoption of a concurrent resolution, to direct the Board to include particular parcels or areas in the report for the following year.

Your Committee believes that the bill will provide the Legislature with the information necessary to make informed decisions on the management and disposition of public lands.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 363 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Ige, D.).

SCRep. 1053 Water, Land, and Hawaiian Affairs on H.B. No. 454

The purpose of this bill is to ensure the public's right to access to public lands.

Specifically, the bill:

- (1) Requires the free and unimpeded public access by right-of-way or easement to the shoreline, mountains, or other recreational, cultural, or natural resource be provided as a condition precedent to any state or county land use approval; and
- (2) Allows the provision of free public parking and notice of such parking areas to be used as a condition for permit approval;
- (3) Specifies that in the case of a private gated community, the appropriate county authority shall require free public parking as a condition of permit approval; and
- (4) Specifies that when free public parking is required, it shall be provided within a reasonable distance from the public access.

Your Committee finds that as areas become increasingly developed, people are being denied access to public areas that have provided generations of residents with years of enjoyment. Your Committee believes that the public has a definite right to access these areas and should not have to traverse undue distances to reach these destinations. However, your Committee also is aware of the potential burden that these access requirements may place on permit applicants and has included amendments to the bill that address their concerns.

Your Committee has amended the bill by:

- (1) Mandating that when free public parking is required, that the approving agency consult neighbors to the areas adjacent to the parking;
- (2) Requiring that once the dedication of land for a right-of-way or for parking is made and accepted by the State or county, the State or county shall bear the cost of improvements and maintenance of the area;
- (3) Requiring that if the dedicated land is not accepted by the State or county, the applicant shall be relieved of the requirements imposed by the bill;
- (4) Clarifying that if an applicant needs more than one approval covered under the bill, then the requirements of the bill shall only apply once; and
- (5) Stating that the bill shall only apply prospectively to permit approvals granted after July 1, 1997.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 454, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 454, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Taniguchi).

SCRep. 1054 Water, Land, and Hawaiian Affairs on H.B. No. 636

The purpose of this bill is to establish de minimus tolerances of property line variances for classes of real property to avoid the need for costly corrections for minor variances found as the result of more accurate real property surveys.

Your Committee finds that new survey techniques such as the use of lasers and satellites have created significant increases in property measurement accuracy. As a result, many of the older surveys that property owners relied upon when building fences, walls, and homes are incorrect. Discrepancies between traditionally-derived and laser-guided surveys have caused real property owners to spend considerable amounts of money to move boundary markers minute distances or hire an attorney to obtain an encroachment agreement.

Your Committee is in agreement that the bill will address a costly and increasingly common problem for property owners in Hawaii.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 636, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Ige, D.).

SCRep. 1055 Water, Land, and Hawaiian Affairs on H.B. No. 1036

The purpose of this bill is to authorize the Department of Hawaiian Home Lands to issue revenue bonds for Hawaiian Home lands capital improvement projects.

Your Committee finds that authorizing the Department of Hawaiian Home Lands to issue revenue bonds will assist the Department in implementing its plans to accelerate infrastructure and housing construction statewide.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1036, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1056 Water, Land, and Hawaiian Affairs on H.B. No. 1104

The purpose of this bill is to formally reauthorize the Hui 'Imi Task Force by:

- (1) Establishing it as the Hui 'Imi Advisory Council (Advisory Council); and
- (2) Placing it within the Department of Accounting and General Services for administrative purposes only.

Your Committee recognizes the contributions of the Hui 'Imi Task Force on issues of concern to Hawaiians and believes that a reauthorized entity would greatly assist in fostering communication and advising the Governor, Legislature, and other public and private organizations on a variety of social, economic, and cultural issues affecting the Hawaiian community.

To ensure that a collaborative effort is made to solve problems facing Hawaiians, the bill:

- (1) Provides that the Advisory Council may include any other agency, organization, or entity that expresses interest to participate in fulfilling the Advisory Council's mandate;
- (2) Requires the Advisory Council to make a good faith effort to include as members other public and private agencies, organizations, or entities that express interest in fulfilling the Advisory Council's mandate;
- (3) Requires the Advisory Council to also advise the Governor, Legislature, and the public and private agencies on other issues affecting Hawaiians; and
- (4) Requires the Advisory Council to submit bi-annual reports regarding the action plan no later than twenty days prior to the convening of the Regular Sessions of 1999, 2001, and 2003.

Your Committee finds that the continuance of a successor entity to the Hui 'Imi Task Force will facilitate the achievement of common goals to better serve the Hawaiian community.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1104, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1057 Water, Land, and Hawaiian Affairs on H.B. No. 1370

The purpose of this bill is to ensure that sound management practices occur in managing the State's public forest reserves.

Specifically, the bill:

- (1) Requires that the harvesting of trees on public lands follow prudent management practices by mandating that:
 - (A) The harvesting be done in accordance with an approved harvesting plan and consistent with provisions regarding the conservation of natural resources and environmental impact statements; and
 - (B) The harvesting of native trees use existing fire prevention and management programs and ensure the use of silvicultural practices that encourage native biodiversity and ecosystem processes;
- (2) Requires that proceeds from the sale of seedlings from state nurseries, income from forest reserves and products of forest reserves, and certain other moneys be deposited into the Special Land and Development Fund (Fund);
- (3) Specifies what funds from the sale of nursery seedlings and forest reserve products may be used for; and
- (4) Requires the Department of Land and Natural Resources to submit an annual report to the Legislature to provide an accounting of the revenues and expenditures of the Fund.

Your Committee finds that Hawaii has the eleventh largest system of state owned forest lands, 800,000 acres, in the United States, yet Hawaii ranks 34th in funding its forestry program. The island of Hawaii has over 430,000 acres of forest reserves managed by only five foresters.

Your Committee has amended this bill by removing its restrictive prescriptions to permit flexibility in the application of appropriate conservation practices by the Department of Land and Natural Resources. Your Committee has also inserted language that clarifies that it is not the Legislature's intent that the Department of Land and Natural Resources utilize the authority to sell tree seedlings granted under the bill to compete with private tree seedling nurseries.

Your Committee believes that the proper management of the forest resources on public lands is vital to the preservation of Hawaii's forests for future generations. Additionally, the sale of harvested trees will generate additional resources to assist the State's forestry program.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1370, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1370, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Taniguchi).

SCRep. 1058 Water, Land, and Hawaiian Affairs on H.B. No. 1713

The purpose of this bill is to make housekeeping amendments to the Hawaiian Homes Commission Act of 1920, as amended (HHCA).

Your Committee finds that the bill removes brackets from the titles of various sections of the HHCA and deletes section 223, HHCA. The DHHL testified that the deletion of section 223, was to reconcile a conflict with section 5(h) of the Admission Act.

Your Committee has amended the bill by deleting section 11 of the bill which contains the deletion of section 223 from the HHCA. Insofar as this bill is a housekeeping measure, your Committee does not think it appropriate to remove a substantive provision such as section 223 of the Admission Act. Your Committee also made technical amendments to gender neutralize the affected sections of the HHCA.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1713, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1713, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1059 Water, Land, and Hawaiian Affairs on H.B. No. 1732

The purpose of this bill is to enable the Bureau of Conveyances (Bureau) to modernize its computerized recording system.

Specifically, the bill:

- (1) Establishes the Bureau of Conveyances Equipment Modernization Special Fund (Fund) into which would be deposited the equipment modernization fees; and
- (2) Provides that \$2 for each document recorded for Land Court registration and Bureau recordation shall go into the Fund.

Your Committee believes that the bill provides the Bureau of Conveyances with the necessary resources to upgrade its computer system, thereby enhancing its ability to service the public.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1732, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Ige, D.).

SCRep. 1060 Water, Land, and Hawaiian Affairs on H.B. No. 1752

The purpose of this bill is to require rents determined during rental reopenings under chapter 171, Hawaii Revised Statutes, to be at fair market value at the time of the reopening.

Your Committee believes that this requirement will increase revenues for the State as well as establish a "level playing field" for all persons interested in rental public lands.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1752, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Ige, D.).

SCRep. 1061 Water, Land, and Hawaiian Affairs on H.B. No. 1768

The purpose of this bill is to insert corrected tax map key numbers for parcels being transferred to the Department of Hawaiian Home Lands.

Your Committee finds that the bill correctly identifies lands transferred under Act 95, Session Laws of Hawaii 1996.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1768, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1062 Education on Gov. Msg. No. 165

Recommending that the Senate advise and consent to the nominations of the following to the University of Hawaii Board of Regents:

DONALD C.W. KIM and LILY K. YAO, terms to expire June 30, 2001; and

STANLEY H. ROHRIG, term to expire June 30, 1999.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Slom).

SCRep. 1063 Human Resources on H.B. No. 120

The purpose of this bill is to address the fragmentation of care for the chronically ill and disabled elderly by extending the demonstration Program for All-Inclusive Care for the Elderly (PACE) to June 30, 2002.

Your Committee received testimony in support of this bill from the Department of Human Services, the Hawaii Health Systems Corporation, and three private citizens.

Your Committee has amended this bill on recommendation of the Hawaii Health Systems Corporation by:

- (1) Changing the starting timeline for submission of the PACE program's financial and management report to begin on July 1, 1997;
- (2) Inserting language that explains the standards and how submitted data will be compared in determining the quality and effectiveness of PACE services; and
- (3) Deleting the requirement that the PACE program submit retroactive legislative reports to July 1, 1992 to June 30, 1997.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 120, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 120, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Baker, Kanno, Anderson).

SCRep. 1064 Human Resources on H.B. No. 1714

The purpose of this bill is to provide an emergency appropriation of \$1,624,389 in FY 1997-1998 and \$812,195 in FY 1998-1999 to pay for the development costs of an electronic benefits transfer (EBT) system for the food stamps and financial assistance programs.

Your Committee received testimony in support of this bill from the Department of Human Services (DHS) and Hawaii Food Industry Association in support of this measure.

Your Committee finds that the funds requested in the emergency appropriation will be used to prepay the development costs to reduce the overall cost to implement an EBT system.

Implementation of the EBT system across the State of Hawaii will begin with a three month demonstration project on the island of Kauai in November of 1997. The EBT system is then projected to commence on Maui in February of 1998, on the island of Hawaii in March of 1998, and on Oahu in April of 1998. The statewide system will be in place by May of 1998.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1714, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Baker, Kanno, Anderson).

SCRep. 1065 Human Resources on H.B. No. 817

The purpose of this bill is to make permanent the pensioners' bonus provision of the Employees' Retirement System, which is presently scheduled to sunset on June 30, 1997.

Your Committee received testimony in support of this bill from the Coalition of State/County Retirees, Inc., Hawaii Government Employees Association, Hawaii State Teachers Association-Retired, Oahu Retired Teachers Association, Kauai Retired Teachers Association, and the Hawaii State Teachers Association. Testimony in opposition was received from the Department of Budget and Finance. Informational testimony was submitted from the Employees' Retirement System.

Act 339, Session Laws of Hawaii 1990, enacted a bonus retirement payment to pensioners with ten or more years of service who receive a monthly benefit amount. Bonuses begin after five years of retirement in specified increments of years and amounts. Your Committee believes that the bonus is warranted in recognition of the hard work and dedication of retirees to government employment and the financial effect of retirement on retirees in Hawaii's high cost of living situation.

Your Committee has amended this bill on suggestion of the Coalition of Hawaii State/County Retirees, Inc., to extend the sunset date for two years to relieve the financial burden of accumulating reserves by making the bonus permanent. Actuarial data submitted by the Coalition indicates that a two year extension would cost \$1,741,500 each year and making it permanent would cost \$15,940,300 annually. A technical, nonsubstantive change was also made.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 817, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 817, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 1066 (Joint) Education and Water, Land, and Hawaiian Affairs on H.B. No. 1753

The purpose of this bill is to amend chapter 6E, Hawaii Revised Statutes, pertaining to the Historic Preservation Program to specify that proceeds derived from historic preserve user fees, historic preserve leases, concession fees, or the sale of goods shall be deposited into the Hawaii Historic Preservation Special Fund to be used, among other things, to replenish goods and produce public information materials. Additionally, this bill requires the annual report to the governor and the legislature to account for all income, expenditures, and balance of the Hawaii Historic Preservation Special Fund.

Your Committees received testimony supporting this measure from the Department of Land and Natural Resources and the Historic Hawaii Foundation.

Your Committees find that providing the Department of Land and Natural Resources with more flexibility in its use of the Hawaii Historic Preservation Special Fund would make possible private and public cooperative partnership endeavors for production of books and other publications pertaining to historic properties in Hawaii.

As affirmed by the records of votes of the members of your Committees on Education and Water, Land, and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1753, H.D. 2, and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 10. Noes, none. Excused, 5 (Baker, Fernandes Salling, Fukunaga, Ige, D., Slom).

SCRep. 1067 Human Resources on H.B. No. 480

The purpose of this bill is to restore cash assistance and food stamp benefits, which were disallowed by federal law, to qualified individuals convicted of felony drug possession, use, or distribution if the individuals are complying with treatment or have not refused or failed to comply with treatment.

Your Committee received testimony in support of this bill from the Attorney General, Department of Human Services, Department of Health, Judiciary, Hawaii Substance Abuse Coalition, and a private citizen in support of this measure.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 480, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Baker, Kanno, Anderson).

SCRep. 1068 Human Resources on H.B. No. 1463

The purpose of this bill is to increase the rates by \$50 per month for type I and type II facilities for residents of Adult Residential Care Homes (ARCH).

Your Committee received testimony in support of this bill from the Department of Human Services, the Executive Office on Aging, Hawaii Long Term Care Association, United Group of Home Operators, The Primary Care Home Providers, and several licensed ARCH administrators.

Your Committee finds, that the compression of ARCH payments will expedite the placement of individuals into ARCH's, and care home operators will be compensated in a more timely manner. In addition, the Department of Human Services staff will be able to provide other needed social services such as case management, adult social services, and counseling ARCH residents who are experiencing readjustment problems.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1463, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Baker, Kanno, Anderson).

SCRep. 1069 Human Resources on H.B. No. 1488

The purpose of the bill is to change the definition of a family child care home to mean a private home where no more than six children, unrelated to the caregiver, are cared for at a time.

This bill also requires registration of family child care homes every two years.

Your Committee received testimony in support of this bill from the Department of Human Services (DHS) and People Attentive to Children (PATCH).

Your Committee amended this bill by deleting the provisions allowing the DHS to cease inspections of child care homes or group child care centers which have been licensed for not less than four years and have received no complaints.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1488, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1488, H.D. 2, S.D. 1, and be referred to the Committee on Water, Land, and Hawaiian Affairs.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 1070 Human Resources on H.B. No. 1620

The purpose of this bill is to conform Hawaii's unemployment compensation law to recent federal enactments in the Personal Responsibility and Work Opportunity Act of 1996 (commonly known as the Welfare Reform Act).

Your Committee received testimony in support of this bill from the Department of Human Services and the Department of Labor and Industrial Relations.

Basically, this bill provides for the deduction and withholding from unemployment compensation of food stamp overissuances that remain uncollected by the State. This bill also provides for disclosure of information obtained by the Department of Labor and Industrial Relations, while in the course of administering unemployment compensation, to any federal, state, or municipal agency if the disclosure is authorized by applicable federal law.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1620, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 1071 Human Resources on H.B. No. 1716

The purpose of this bill is to permit the Department of Human Services (DHS) to reclaim the balance of the financial assistance benefits, which were deposited into the State's electronic benefit transfer account, for deceased individuals and for accounts that are considered abandoned by the State.

Your Committee received testimony from the DHS in support of this measure.

Your Committee has amended this bill by changing the level of assistance to households without minors from "temporary assistance" to "general assistance" and by making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1716, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1716, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Baker, Kanno, Anderson).

SCRep. 1072 Human Resources on H.B. No. 1724

The purpose of this bill is to provide that the State is entitled to recover medical assistance payments regardless of how they are provided or who provides them.

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

This bill clarifies section 346-37, Hawaii Revised Statutes (HRS), relating to recovery of payments, to include medical services provided by managed care systems.

Your Committee finds, that because section 346-37, HRS, was designed for recovery under fee-for-service programs, the proposed amendment is necessary to clarify the law and bring it into conformance with recovery issues associated with prepaid health plans or managed health care for medical assistance.

Your Committee has amended this measure by making nonsubstantive, technical changes for the purpose of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1724, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1724, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Baker, Kanno, Anderson).

SCRep. 1073 Human Resources on H.B. No. 1986

The purpose of this bill is to appropriate funds to develop bilingual citizenship classes to:

- (1) Conduct bilingual outreach and community education programs on the benefit and responsibility of becoming U.S. citizens; and
- (2) Educate and prepare eligible legal immigrants for the naturalization examination.

Your Committee received testimony in support of this bill from the Department of Labor and Industrial Relations-Office of Community Services and the Immigrant Center, the Child and Family Services, Hawaii Catholic Conference, Lokahi Coalition, Filipino Coalition for Solidarity, Oahu Filipino Community Council, and four individuals.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1986, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 1074 Education on H.B. No. 1709

The purpose of this bill is to enable the Hawaii Teacher Standards Board, through the Department of Education, to collect licensing or credentialing fees by mandatory payroll deductions.

Your Committee received testimony supporting this measure from the Department of Education, the Hawaii Teacher Standards Board, and the Hawaii State Teachers Association.

Your Committee finds that the Department of Education is responsible for collecting licensing and credentialing fees and depositing those moneys into the Hawaii Teacher Standards Board's revolving account.

Your Committee also finds that there are nearly twelve thousand teachers in service and about one thousand new teachers hired annually. The task of monitoring, collecting, and accounting for fees is a monumental task.

Your Committee further finds that new hires are burdened financially with fees that must be collected up front prior to their receiving their first paycheck. A mandatory payroll deduction would ease the burden on all employees by distributing fees over time. Additionally, a payroll deduction would provide the Hawaii Teacher Standards Board with a consistent funding base from which to develop its long term budget and plans.

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. 1709, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 1075 Transportation and Intergovernmental Affairs on H.B. No. 4

The purpose of this bill is to authorize the Director of Finance of each county to issue special number plates in lieu of regular plates to organizations meeting the minimum qualifications established in rules. It also requires the word "Hawaii" to appear along the upper portion of the number plate and the words "Aloha State" to appear on the lower portion of all number plates issued in the State.

Your Committee received testimony in support of this bill from the Office of the Mayor of the City and County of Honolulu, the Department of Finance of the City and County of Honolulu, Annette's Adventures, and three private citizens. Your Committee also received testimony in support of the intent of the bill from the Board of Land and Natural Resources and the Youth Conservation Corps.

Your Committee finds that Hawaii's unique natural heritage is at risk by recent state budget cuts which have resulted in the reduction of crucial endangered species recovery efforts. To ensure the long-term survival of Hawaii's rare plants and animals, your Committee wishes to reaffirm the State's commitment to the long-term protection of our island's natural beauty and youth conservation programs by creating a long-term supplemental funding source generated from voluntary public support and participation.

Your Committee also wishes to honor individuals who served in combat with special license plates recognizing their efforts during times of world-wide conflict as a small token of appreciation.

Therefore, your Committee has amended this bill by deleting the original language and substituting specific provisions which authorize the design and issuance of special number plates reflecting an endangered native species theme to supplement appropriations for endangered species and youth conservation programs. This allows for the sale of endangered species license plates to partially fund programs through a special fund. The new provisions also include authorization for the issuance of special motor vehicle license plates for combat veterans, veterans of the Korean and Vietnam conflict and veterans of World War II.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 4, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 4, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1076 Transportation and Intergovernmental Affairs on H.B. No. 20

The purpose of this bill is to require applicants to have a driver's permit for a minimum of 90 days before being allowed to take the driver's licensing exam.

Your Committee received testimony in support of this bill from the Department of Transportation, the Police Department of the City and County of Honolulu, Hawaii Medical Association, the Hawaii Chapter of the American Academy of Pediatrics, Hawaii Insurers Council, National Association of Independent Insurers, and Youth in Action. Testimony in support of the intent of this bill was received from Mothers Against Drunk Driving. The Department of Finance of the City and County of Honolulu submitted comments.

Your Committee finds that auto accidents are a leading killer of teenagers. According to statistics provided by the National Association of Independent Insurers, nationally, more than 5,600 teens were killed in auto accidents in 1995. Teens are disproportionately involved in auto accidents. Drivers 16 and 17 years of age have more than twice the average number of crashes in their first year of driving and have four times as many crashes per miles driven as do experienced adult drivers. In Hawaii, the death rate for teens in motor vehicle crashes in 1995 was 37 per 100,000 licensed drivers. Hawaii drivers age 20 and up were involved in fatal accidents at a rate of 14 per 100,000. This means that Hawaii teens were killed in motor vehicle accidents at a rate twice that for adult drivers. Teenage drivers make up 5.23 percent of Hawaii's driving population but they are involved in 10.77 percent of all fatal accidents in the State. A graduated licensing program counters the inexperience and safety hazard posed by young drivers by gradually exposing them to the challenges and responsibilities associated with driving an automobile. The need for a graduated licensing program is clear.

Your Committee has amended this bill by replacing the original language with provisions that establish a graduated licensing procedure for persons at least 15 years old. A person who is at least 15 years and passes an examination given by the driver's examiner would receive a learner's permit. The learner's permit would be valid for 270 days. A person who is at least 15 1/2 years old would receive an intermediate license if the person has been issued and has retained a valid learner's permit for a period of at least six months and no violation which would result in the suspension or revocation of the learner's permit is pending. The intermediate license would be valid for at least 18 months and would entitle the holder to drive a motor vehicle as long as a licensed operator at least 21 years of age is in the vehicle when the holder is driving between eleven p.m. and five a.m., and all occupants of the vehicle are wearing seat belts.

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

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1077 Transportation and Intergovernmental Affairs on H.B. No. 37

The purpose of this bill is to clarify the membership composition of the Metropolitan Planning Organization (MPO).

Your Committee received testimony in support of this bill from the State Department of Transportation, MPO, and Leeward Oahu Transportation Management Association.

This bill conforms the statutes to the current Senate organization consisting of co-chairs for committees, requires that two of the appointments made each by the senate president and the speaker of the house be residents of the appropriate county, and requires that one member be the director of the appropriate county department for transportation planning.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 37, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 1078 Transportation and Intergovernmental Affairs on H.B. No. 88

The purpose of this bill is to prohibit operating pickup trucks with any passengers in the bed or load-carrying area, except in the case of an emergency, an agricultural enterprise, a business serving the public, parades pursuant to the authority of the Department of Transportation, or specific uses exempt by the counties.

Your Committee received testimony in support of this bill from the Department of Transportation, the Commission on Persons with Disabilities, Healthy Mothers Healthy Babies Coalition of Hawaii, Hawaii Medical Association, Hawaii Chapter of the American Academy of Pediatrics, Healthcare Association of Hawaii, Hawaii Insurers Council, the Department of Political Science of the University of Hawaii at Manoa, and 38 private citizens. In addition, 141 private citizens signed a petition in support of this bill. Testimony in support of the intent of this bill was submitted by the Department of Health, the Police Department of the City and County of Honolulu, Mothers Against Drunk Driving, Keiki Injury Prevention Coalition (Safe Kids Hawaii), and a private citizen.

Your Committee received testimony in opposition of this bill from two private citizens. A private citizen submitted comments.

Your Committee finds that there is a need for uniformity throughout the State and for an alternative to steep fines that might be regressively imposed on poorer families who use a pickup truck as a main source of transportation.

Therefore, your Committee has amended this bill by increasing the fine to not more than \$500 for each separate violation, and added the opportunity for offenders to perform community service as ordered by the court in lieu of the fine.

In addition, provisions were added to allow the counties to grant an individual an exemption from violations relating to pickup trucks and the bed or load-carrying area, if proof can be shown that the individual only has a pickup truck as a source of transportation.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 88, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 88, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1079 Transportation and Intergovernmental Affairs on H.B. No. 116

The purpose of this bill is to establish a zero tolerance policy for drinking and driving for persons under the age of twenty-one. It also creates a new offense for those under the age of twenty-one driving with alcohol concentration equal to or greater than .02 but less than .08, and establishes penalties for refusal to take tests under implied consent statutes.

Your Committee received testimony in support of this bill from the Department of Health, Hawaii Medical Association, State Farm Insurance Companies, Mothers Against Drunk Driving, Youth in Action, Coalition for a Drug-Free Hawaii, and a private citizen. Testimony in support of the intent of this bill was submitted from the Department of Transportation, Department of the Prosecuting Attorney of the City and County of Honolulu, the Police Department of the City and County of Honolulu, and a private citizen.

Your Committee finds that an amendment to the 1995 National Highway Systems Act requires that all states have a zero tolerance law in place by October 1, 1998. Non-compliance will result in the loss of five percent of Hawaii's federal highway funds. If the State does not comply by October 1, 1999, then ten percent of the federal highway moneys will be withheld. Hawaii's laws are presently not in compliance and your Committee believes this sends out "mixed messages" to young people and to the community as a whole.

Your Committee has amended this bill by:

- (1) Adding sections to chapter 286, Hawaii Revised Statutes, to set out the procedures for suspension of license upon refusal to submit to a breath or blood test, hearings before a district court judge, appeal to the supreme court, and admissibility of proof of refusal for testing, and to clarify those procedures;
- (2) Authorizing an officer to arrest a person if there is probable cause to believe the person was driving with a measurable amount of alcohol;
- (3) Requiring that the alcohol abuse education and counseling program be seven or more hours as ordered by the court;
- (4) Adding as part of the required sentencing for first time offenders, community service of seven or more hours as ordered by the court;
- (5) Requiring that the alcohol abuse education and counseling program be a minimum of seven hours with the actual time to be determined by the court and be imposed only on first time offenders;
- (6) Requiring repeat offenders to be assessed and treated for a possible alcohol problem, and giving to the court discretion to determine if a first time offender should undergo assessment and treatment;
- (7) Not allowing application to the court for an expungement order until the age of 21; and
- (8) Changing the effective date to December 1, 1997.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 116, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 116, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1080 Transportation and Intergovernmental Affairs on H.B. No. 214

The purpose of this bill is to rename Keahole-Kona International Airport in Kona to Kona International Airport at Keahole.

Your Committee received testimony in support for this bill from the Kona-Kohala Chamber of Commerce, Kona Kohala Resort Association, Big Island Business Council, and Destination Kona Coast. Testimony in support of the intent of this bill was submitted by the Department of Transportation.

Your Committee finds that Kona International Airport is a simpler and more readily recognizable name than Keahole-Kona. In fact, it is the name most people commonly use, including travel agents and new visitors from Japan, Korea, and other parts of the world. Growth in direct flights to Kona is driving tourism and resulting in positive gains for the Big Island. The name change will greatly strengthen the image of the airport and enhance that economic growth.

Your Committee has amended this bill by changing the official name of the airport to "Kona International Airport, Keahole, Hawaii."

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 214, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 214, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 1081 Transportation and Intergovernmental Affairs on H.B. No. 761

The purpose of this bill is to allow for the waiver of a fine for operating a vehicle without a certificate of inspection if proof of safety inspection compliance is submitted to the Circuit Court within two business days.

Your Committee received testimony in support for this bill from the Police Department of the City and County of Honolulu.

Your Committee finds that allowing only two business days for persons to produce a current safety inspection certificate may not be sufficient time to comply and an unnecessary burden.

Therefore, your Committee has amended this bill by allowing persons who received a safety inspection citation five business days to show proof of a valid safety inspection certificate.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 761, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 761, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1082 Transportation and Intergovernmental Affairs on H.B. No. 1201

The purpose of this bill is to allow police officers, under certain circumstances to physically arrest a person for driving without a driver's license.

Your Committee received testimony in support from the Police Department of the City and County of Honolulu and the State of Hawaii Organization of Police Officers.

Your Committee finds that Hawaii's current laws relating to traffic violations allow for opportunities of abuse for people who want to "beat the system," creating more problems than solutions. Stronger enforcement provisions are necessary to assist in ensuring the safety of police officers, and aid in the identification of those offenders who may have outstanding warrants of arrest or who may be wanted for other criminal offenses.

Your Committee amended this bill by making technical, nonsubstantive changes for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1201, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1201, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1083 Transportation and Intergovernmental Affairs on H.B. No. 1326

The purpose of this bill is to clarify the laws relating to the purchase of liquor by a class 14 brewpub licensee. Specifically, the bill:

- (1) Amends the definition of "retail licensee" to include licensees holding a class 14 license;

- (2) Imposes conditions levied by the county Departments of Planning and Public Works on the sale of malt beverages manufactured by the brewpub and sold in brewery-sealed packages to wholesale dealers; and
- (3) Clarifies the source of liquor for consumption on the brewpub premises as those purchased from a class 1 manufacturer licensee, or a class 3 wholesale dealer.

Your Committee received testimony supporting this measure from the City and County of Honolulu's Liquor Commission and the County of Maui's Department of Liquor Control.

Your Committee believes that the bill clarifies the intent of how intoxicating liquor is purchased by a Class 14 Brewpub Licensee for sale to the public. Because existing law does not explicitly state that Class 14 Brewpub Licensees must purchase their intoxicating liquor from a Class 1 Manufacturer or a Class 3 Wholesale Dealer Licensee, a Class 14 Brewpub Licensee could theoretically import intoxicating liquor. The bill precludes this by specifying that a Class 14 Brewpub Licensee must obtain intoxicating liquor from a Class 1 Manufacturer or a Class 3 Wholesale Dealer Licensee.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1326 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 1084 Transportation and Intergovernmental Affairs on H.B. No. 1473

The purpose of this bill is to provide immunity from liability to private landowners and the State and counties when vehicular and pedestrian traffic is rerouted onto private property by necessity as a result of traffic obstructions from emergencies.

Your Committee received testimony in support of this bill from a Kauai County Council member. Testimony in opposition was received from the Consumer Lawyers of Hawaii.

Your Committee finds that this bill affords a reasonable protection to private landowners and government who can do nothing about this type of traffic necessity and who should not be held liable for injuries or death resulting therefrom.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1473 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 1085 Transportation and Intergovernmental Affairs on H.B. No. 1707

The purpose of this bill is to permit the Office of Veterans' Services (OVS) to inspect state war memorials and veterans' cemeteries for deficiencies, and report all repair and maintenance problems to the Adjutant General, the Comptroller, and the Legislature every three years instead of on an annual basis.

The OVS submitted testimony in support of this bill.

Your Committee finds that there is an approximate cost of \$12,000 per year for the OVS to prepare its report on repair and maintenance problems for state war memorials and veterans' cemeteries. In addition, with the exception of the Waikiki War Memorial Natatorium, the OVS' last report concluded that all state war memorials and veterans' cemeteries are structurally sound. Your Committee also notes that if any of the state war memorials or veterans' cemeteries are in need of repair or maintenance, the various veterans' organizations will notify the OVS. Based on the potential cost savings for the State, your Committee decided that this bill should be approved.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1707 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 1086 - Transportation and Intergovernmental Affairs on H.B. No. 1757

The purpose of this bill is to broaden the provisions relating to concessions on public property to include parking lots.

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

Your Committee finds that the awarding of contracts for parking lots on public property is not adequately addressed in existing statutes. This bill seeks to include parking lots on public property within the definition of the word "concession" in chapter 102, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1757, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1087 (Joint) Transportation and Intergovernmental Affairs, Judiciary, Economic Development on H.B. No. 1805

The purpose of this bill is to fix the amount of the transient accommodations tax (TAT) distributed to each county at the amount distributed in fiscal year 1994-1995 after making reductions for revenues generated in each respective county from public service company taxes and fines and forfeitures from uncontested traffic infractions. This bill also provides for the distribution of public service company taxes and fines and forfeitures from uncontested traffic infractions to the county in fiscal year 1998, and each fiscal year thereafter.

Your Committees received testimony in support of this bill from the Department of Budget and Finance, GTE Hawaiian Telephone Company, Incorporated, and Hawaiian Electric Company. Testimony in support of the intent of this bill was submitted by the Hawaii Hotel Association.

Your Committees also received testimony in opposition of this bill from the Office of the Mayor of the City and County of Honolulu, the Office of the Mayor of the County of Kauai, the Office of the Mayor of the County of Maui, the Hawaii State Association of Counties, the Department of Finance of the County of Hawaii, the County Council of the County of Hawaii, the Network Neighborhood Boards, the Koolauloa Neighborhood Board, Maui Hotel Association, ABC Mortgage, Ironworkers Stabilization Fund, Kailua Neighborhood Board, Kapolei Neighborhood Board, and eight private citizens.

Comments were submitted by the Tax Foundation of Hawaii and the Judiciary.

Your Committees have heard the strong concerns of opposition expressed by the community regarding capping the transient accommodations tax dollars to the counties. The counties have come to rely upon this revenue stream to grow as the transient accommodations tax base grows.

Your Committees understand that the State should not resolve its fiscal problems at the expense of the counties, and shifting the fiscal problems of one level of government to another does nothing to address the basic question of how to provide quality public services at a time of declining resources for the State and counties.

Therefore, your Committees have amended this bill by substituting the original language with provisions that require the five percent of the transient accommodations tax normally retained by the State to be deposited, for a period of two years, into the Convention Center Capital and Operations Special Fund.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs, Judiciary, and Economic Development that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1805, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1805, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 11. Noes, none. Excused, 6 (Aki, Fernandes Salling, McCartney, Metcalf, Solomon, Anderson).

SCRep. 1088 Transportation and Intergovernmental Affairs on H.B. No. 2134

The purpose of this bill is to require concurrence from the Corporation Counsel or County Attorney, instead of the Attorney General, for emergency meetings of county boards.

Your Committee received testimony in support of the bill from the Mayor of the City and County of Honolulu. Testimony in opposition to the bill was received from Common Cause Hawaii.

Your Committee finds that last year, the Legislature amended the emergency meeting provisions of the sunshine law to allow boards to convene meetings with less than six days notice when an unanticipated event necessitated a meeting. To guard against abuses, the Legislature required state and county boards to secure concurrence of the Attorney General to determine the necessity for an emergency meeting. However, since county attorneys are more familiar with the authority and responsibilities of their county's boards, county attorneys would be more able to provide a timely and considered response to requests for emergency meetings from their boards.

Your Committee recognizes the merits of home rule without compromising the public's interest in open government, and has passed this bill unamended.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2134 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 1089 Commerce, Consumer Protection, and Information Technology on H.B. No. 2

The purpose of this bill is to strengthen the enforcement provisions of the state motor vehicle carrier law by making shippers and consignees who engage the services of illegal motor carriers subject to both criminal and civil penalties.

Your Committee received testimony in support of this measure from the Public Utilities Commission, State Department of Transportation, and the Hawaii Transportation Association.

Your Committee believes that the imposition of civil penalties, in particular, on shippers and consignees through the citation process will assist efforts to enforce provisions of the State motor carrier law and significantly reduce the number of illegal motor carriers operators in the State.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1090 Commerce, Consumer Protection, and Information Technology on H.B. No. 1189

The purpose of this bill is to allow risk retention and association group captives to organize as a reciprocal insurer for other than credit life, credit disability insurance, and group term life insurance.

Your Committee received testimony in support of this measure from the Insurance Commissioner, the Department of Business, Economic Development, and Tourism, the Hawaii Captive Insurance Council, Alexander & Alexander, Hawaii Captive Insurance Management, Inc., Johnson & Higgins Services, Inc., and Marsh & McLennan.

Your Committee finds that captive insurance companies represent a new and growing industry for Hawaii. There are now fifty of these companies licensed in the State and the number is expected to increase. Hawaii's captive industry is the second largest in the U.S. and the largest in the Asia region, surpassing Singapore in 1995.

Your Committee is in agreement that this measure will help stimulate further growth in the captive insurance industry, an important consideration for Hawaii's continued economic diversification and development.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1189, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1091 Commerce, Consumer Protection, and Information Technology on H.B. No. 1190

The purpose of this bill is to allow captive insurance companies to broaden the scope of credit life insurance and credit disability insurance activities beyond loans between the parent or affiliated companies and employees to the operations of the parent or affiliated companies.

Your Committee received testimony in support of this measure from the Insurance Commissioner, the Hawaii Captive Insurance Council, Alexander & Alexander, Becher + Carlson Companies, Hawaii Captive Insurance Management, Inc., Johnson & Higgins Services, Inc., and Marsh & McLennan.

Your Committee has heard from the industry that there is keen interest from a variety of companies to offer this type of insurance product and that Hawaii is currently at a competitive disadvantage, as other U.S. captive domiciles already permit this coverage.

Your Committee finds that captive insurance companies provide a number of economic opportunities and benefits to the State, and believes this measure will encourage the continued growth of the industry.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1190, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1092 Commerce, Consumer Protection, and Information Technology on H.B. No. 2110

The purpose of this bill is to conform the filing date for public utility exemptions of real property taxes with the date specified in each respective county ordinance,

Your Committee received testimony in support of this measure from the City and County of Honolulu Department of Finance. The Tax Foundation of Hawaii provided comments on this measure.

Your Committee finds that current law requires a public utility seeking a real property tax exemption to file with the tax assessor on or before December 31 of the preceding tax year. This bill would amend relevant sections of Hawaii Revised Statutes applicable to the counties' real property tax function to ensure that property assessment taxes are certified as of the date specified in the respective counties' ordinance.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2110, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1093 Commerce, Consumer Protection, and Information Technology on H.B. No. 2220

The purpose of this bill is to facilitate the collection of delinquent lease rent by requiring that notice of a foreclosure action be sent by registered or certified mail to a lessor or a fee owner if the property is covered by a sublease agreement.

The Kamehameha Schools Bernice Pauahi Bishop Estate testified in support of this bill.

Your Committee finds that current law does not specify that a lessor or fee owner be notified of a foreclosure action. Consequently, there have been several instances in mortgage foreclosures of sales where the sale closed without payment of delinquent lease rent to the lessor or fee owner. Purchasers at auction are often surprised to learn that a delinquent fee payment is due on the property and, as the new owner, are responsible for unpaid lease rent and any other sums that may be due under the terms of the lease.

Your Committee believes that this bill will allow fee owners and lessors to receive appropriate notification of a foreclosure action and ensure that all outstanding payments are settled or disclosed at auction.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2220 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1094 Economic Development on H.B. No. 183

The purpose of this bill is to develop a sports complex to accommodate professional sports teams or leagues to train and practice, and to allow Hawaii residents to use the complex when it is not in use by the teams or leagues.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, the Department of Land and Natural Resources (DLNR), the Stadium Authority, the Mayor of the County of Kauai, and the Department of Land Utilization, City and County of Honolulu (with recommended changes).

Your Committee finds that the development of a sports complex capable of supporting both amateur and professional sports teams and leagues will be an integral part of the State's long-term efforts to develop Hawaii as an international sports center and tourist destination.

Your Committee notes that DLNR suggested in its testimony, that in order to fulfill relevant public trust obligations, any public trust lands used for purposes of this measure should be sold or leased at fair market value to either the private developer or to a government authority (e.g., the Stadium Authority), which in turn could lease the site to the private developer at a nominal lease rent.

Your Committee has amended this measure by deleting section 2(1)(C), which would have allowed the State to waive county planning and zoning requirements, permitting fees, and other county requirements for this project, and by making several technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 183, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 183, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Bunda, Chumbley, Iwase, Kawamoto).

SCRep. 1095 Economic Development on H.B. No. 240

The purpose of this bill is to require the Chairperson of the Board of Land and Natural Resources (Chairperson) to report to the Legislature prior to the 1998 Regular Session on ways to improve the State's boating and ocean recreation programs.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources (with recommended changes), Kona Marina Sports Activities, Inc., Boats/Hawaii Inc., and MCBOAT.

Your Committee finds that there are insufficient boating facilities within the State to meet current or future needs. This measure will help the Legislature to review and act upon detailed recommendations from the Chairperson to improve Hawaii's boating and ocean recreation programs for both residents and tourists.

Your Committee has amended this measure by:

- (1) Making reference in the purpose section to the fact that over the past twenty years many marina projects have failed due to either permitting requirements or opposition from local communities or special interest groups; and
- (2) Deleting from the areas of study, ways to encourage persons to buy a boat in Hawaii, since this is primarily a personal financial consideration and would be only minimally influenced by any recommendations of the Chairperson.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 240, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 240, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 3 (Bunda, Kawamoto, Tanaka).

SCRep. 1096 (Joint) Economic Development and Transportation and Intergovernmental Affairs on H.B. No. 351

The purpose of this bill is to establish a permit process task force to streamline and facilitate the state permit approval process.

Your Committees received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, the Department of Accounting and General Services, the Department of Health, the Department of Land and Natural Resources, the Pacific Resource Partnership, the American Institute of Architects/Hawaii State Council, and the Consulting Engineers Council of Hawaii. The Sierra Club, Hawaii Chapter submitted testimony in opposition to this bill.

Your Committees find that revitalizing the construction industry is crucial to the overall recovery of the State's economy. Government can facilitate construction growth by reducing paperwork and time required to secure necessary state approvals for county building projects. Greater coordination of state and county regulatory procedures can also reduce the time it takes for applicants to obtain the required approvals from state and county agencies to begin construction.

Your Committees have amended this measure by deleting all existing language, with the exception of that specifying the composition of the task force, and substituting the contents of S.B. No. 871, S.D. 2, the Senate companion measure, which does not require that design professionals certify that projects comply with state rules or require county permits for state projects which impact county services.

With respect to the composition of the task force, your Committees have amended the language retained from the House measure by adding representatives from the public at large, and specifying that the total membership shall be fifteen.

As affirmed by the records of votes of the members of your Committees on Economic Development and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 351, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 351, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 5 (Aki, Bunda, Fernandes Salling, Matsunaga, Solomon).

SCRep. 1097 (Joint) Economic Development and Transportation and Intergovernmental Affairs on H.B. No. 1101

The purpose of this bill is to authorize the Kauai Planning Commission to permit, for a period of two years, the establishment of bed and breakfast operations on lands designated as agricultural.

Your Committees received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, Office of Planning, the Department of Health, Hanalei Sea Tours, Hawaiian Vacation Retreats, Hawaii's Adventure Company, Safari Helicopters, Princeville Ranch Stables, Sunscapes Travel Inc., Casa di Amici, and a number of private citizens. Testimony in opposition to this bill was received from the ILWU Local 142 and the Sierra Club.

Your Committees find that Kauai's growing bed and breakfast industry has contributed immeasurably to the island's recovery following the devastation of Hurricane Iniki. With several major hotels on Kauai still in the process of reconstruction and renovation, bed and breakfast accommodations have become the only practical means of filling the deficit in the number of rooms available to visitors on the island.

Your Committees have amended this measure by deleting all existing language and substituting the contents of S.B. No. 633, S.D. 2, the Senate companion bill, which authorizes the Kauai Planning Commission to permit, for a period of three years, and on a case by case basis, the establishment of bed and breakfasts on nonprime agricultural land that is fifteen acres or less in size.

Your Committees have further revised the amended bill, on the recommendation of the Department of Health, by allowing a maximum of five bedrooms, including any bedrooms occupied by the owner-proprietor or the lessee-proprietor, to be served by an individual wastewater system.

Your Committees intend that the Kauai Planning Commission, in granting approvals under this measure, take into consideration, among other factors, the ability of operators to assure food safety and sanitation.

As affirmed by the records of votes of the members of your Committees on Economic Development and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1101, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1101, H.D. 1, S.D. 1, and be referred to the Committee on Water, Land, and Hawaiian Affairs.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 5 (Aki, Bunda, Fernandes Salling, Matsunaga, Solomon).

SCRep. 1098 Health and Environment on H.B. No. 122

The purpose of this bill is to establish the Early Intervention Trust Fund to expand early intervention services for infants and toddlers with special needs.

Your Committee heard testimony in favor of this bill submitted by the Director of Health, Director of Human Services, Central Community Children's Council, and Na Lei Malama. Twenty-six organizations and individuals actively involved in early intervention services submitted testimony strongly urging amendment of the bill to provide that federal reimbursements be deposited into the special fund and not the state treasury. The Zero-to-Three Hawaii Project recommended substitution of this bill's language with

language from Senate Bill No. 944, S.D. 2, and modifying it to create a trust fund instead of a special fund, and providing an appropriation of \$3.2 million, which represents federal reimbursements.

After considering the testimony and merits of this measure, your Committee incorporated the recommendation of the Zero-to-Three Hawaii Project but decided that the creation of a trust fund and a special fund would be more appropriate. It appeared from the testimony that there was great concern that private donations and federal reimbursements, once deposited into a special fund, may subsequently be used for other purposes by the State. Your Committee agrees with the sentiment expressed by the vast majority of testifiers that the federal reimbursements for private donations should be retained for early intervention services. Your Committee believes that placing those funds in a separate trust fund designating early intervention programs as the sole beneficiary may minimize the likelihood of diversion of those funds for other purposes.

Your Committee amended this bill by:

- (1) Deleting the entire contents of the bill; and
- (2) Inserting the contents of Senate Bill No. 944, S.D. 2, with the following modifications:
 - (A) Establishing an Early Intervention Special Fund for legislative appropriations and any federal reimbursements for early intervention services funded by those appropriations;
 - (B) Establishing an Early Intervention Trust Fund for private donations and any federal reimbursements for early intervention services funded by those donations;
 - (C) Adding a prohibition against reducing moneys appropriated for existing early intervention services; and
 - (D) Making appropriations for early intervention services of \$9.6 million and \$14.4 million for fiscal years 1997-1998 and 1998-1999, respectively, from the special fund, and \$2 million and \$3 million for fiscal years 1997-1998 and 1998-1999, respectively, from the trust fund.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 122, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 122, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1099 Health and Environment on H.B. No. 167

The purpose of this bill is to establish the Traumatic Brain Injury Advisory Board within the Department of Health to develop and implement a comprehensive plan to address the needs of persons with traumatic brain injury (TBI) and advise the Department on the feasibility of public-private cooperative agreements to develop services for those persons. This bill also appropriates \$1 to be used to obtain federal matching funds.

Your Committee heard testimony in favor of this bill submitted by the Hawaii Nurses' Association, Hawaii Catholic Conference, Bishop's Advisory Board on Persons with Disabilities, three survivors of TBI, two caregivers for persons with TBI, and a concerned citizen. The Commission on Persons with Disabilities (Commission) and Hawaii Medical Association (HMA) submitted testimony supporting the intent of this bill but the Commission believed this bill was unnecessary and HMA recommended that it be amended to include public education on TBI prevention.

Your Committee found that there is severe lack of public awareness and appropriate professional training for effective diagnosis and treatment of TBI and that the financial costs of TBI to the State are enormous. The Traumatic Brain Injury Act (TBIA), P.L. 104-166, 104th Congress (1996), which provides two dollars in federal matching funds for every dollar appropriated by a state for establishing demonstration projects regarding TBI, offers the State a timely and desperately needed financial incentive to address this problem. In these financially difficult times, your Committee believes that it is in the best interests of the State to pursue the generous assistance offered by the TBIA.

One of the principal aims of the TBIA is to encourage and develop cooperative means for active participation in TBI matters by the private sector. Your Committee supports that aim and urges the Department of Health to maximize its efforts in soliciting and obtaining private sector involvement in the implementation of this bill. After considering the House and Senate versions of this measure, your Committee concludes that the provisions set forth in Senate Bill No. 497 more appropriately addresses the issues, requirements, and aims of the TBIA.

Your Committee amended this bill by deleting its contents and replacing it with the contents of Senate Bill No. 497.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 167, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 167, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1100 Health and Environment on H.B. No. 264

The purpose of this bill is to enhance the Wilcox Health System's ability to meet its health care delivery objectives by authorizing the issuance of special purpose revenue bonds to assist the Wilcox Health System and its affiliates in financing:

- (1) The acquisition of an existing building; and
- (2) The construction of, renovation of, and equipment purchases for additional health care facilities.

Testimony in support of the bill was received from the Wilcox Health System. A concerned citizen submitted comments on the bill.

According to the testimony received from the Wilcox Health System, on May 1, 1996, the Wilcox Health System and the Kauai Medical Clinic (then known as the Kauai Medical Group) joined together to further develop an integrated health care delivery system for Kauai.

The Wilcox Health System stated that some of the benefits to the Kauai community of this cooperative effort are:

- (1) The streamlining of operational systems;
- (2) An enhanced ability to provide more to the community; and
- (3) An assurance to the people of Kauai of the continuation of quality and affordable on-island health care services.

In its testimony, the Wilcox Health System stated the moneys will be used as follows:

- (1) **\$9,500,000** for the purchase of the Professional Office Building adjacent to the Wilcox Memorial Hospital. The purchase is necessary to further the hospital/clinic integration, eliminate duplicative services, and renovate and expand needed additional primary and specialty physician services;
- (2) **\$2,500,000** for state-of-the-art equipment and renovation of the Imaging Department to utilize space more efficiently and effectively, and to protect the privacy and dignity of patients utilizing radiology, ultrasound, and nuclear medicine services;
- (3) **\$2,500,000** for general renovation of acute care patient rooms. The existing rooms, which were built in the early 1970's do not meet the standards of the Americans with Disabilities Act, nor do they contribute to the patient's well-being during their hospital stay; and
- (4) **\$500,000** for additional parking and general hospital/clinic improvements.

Your Committee agrees that the provisions contained in this bill will enhance the ability of the Wilcox Health System to provide health care services to the people of Kauai.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 264, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 1101 Health and Environment on H.B. No. 387

The purpose of this bill is to facilitate the ability of nurses to pursue alternatives in meeting the health care needs of the people of Hawaii by including nurses licensed by the State in accordance with chapter 457, Hawaii Revised Statutes, in the definition of "professional service" under the Professional Corporation Act. This bill would enable these nurses to professionally incorporate, in a similar manner to accountants, physicians, and attorneys.

Testimony in support of the bill was received from the Hawaii Nurses' Association.

According to the Hawaii Nurses' Association, Hawaii law prohibits, among other things, the corporate practice of law and the corporate practice of medicine. The Professional Corporation Act, however, allows these professionals, along with others, to incorporate, while prohibiting non-professionals from holding shares in, or leadership positions on, the corporation's board of directors.

The Hawaii Nurses' Association further stated that the trend is for health care, particularly primary and preventive care and care to those with chronic illnesses, to be provided in organized community settings. An example of this type of setting is the Care-At-Home/Block Nurse Program in Minnesota, where teams of health care providers, including nurses, social workers, and community outreach workers, provide a cadre of services to people in that specific neighborhood. This type of program is a viable alternative in meeting the health care needs of the people of Hawaii.

Your Committee agrees that the provisions of this bill will facilitate the ability of nurses to pursue this alternative without being concerned about engaging in "the corporate practice of nursing."

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 387 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1102 Health and Environment on H.B. No. 647

The purpose of this bill is to recognize the role and function of the Public Health Nursing Program (Program) in the delivery of direct clinical services to the people of Hawaii by statutorily establishing the Program.

Your Committee received a voluminous amount of testimony in support of the bill. Those submitting supportive testimony included: the Maui Community Mental Health Center, the Maui Memorial Hospital, the John A. Burns School of Medicine, the School of Public Health at the University of Hawaii at Manoa, the Emergency Medical Services Department at Kapiolani Community College, the Career Ladder Nursing Program at Maui Community College, the County of Hawaii's Office of Aging, the Chief of Police of the Maui County Police Department, the Hawaii County Fire Department, the Hawaii Government Employees Association, and numerous concerned individuals. The Department of Health submitted comments on the measure.

Your Committee finds that the Program was established by the Department of Health in 1923 to provide communicable disease control, infant welfare services, and nutrition services. Public Health Nursing services include visiting homes for the purpose of monitoring and conducting follow-up of health conditions, and conducting screening and assessment of children for the early identification of appropriate medical intervention.

Testimony indicated that by statutorily establishing the Program, its continued existence will be ensured.

Your Committee agrees that the Program has benefitted the people of Hawaii and that ensuring the Program's continued existence is in the best interest of the people of Hawaii.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 647 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1103 Health and Environment on H.B. No. 737

The purpose of this bill is to support the partnership between the Hamakua Health Center and the Hamakua long-term care facility and to appropriate funds for urgent care for the Hamakua area of the Big Island.

Your Committee received testimony in support of this bill from the Honokaa Hospital, County Council of Hawaii, Hamakua Health Center, Hamakua District Development Council, Hawaii State Primary Care Association, a Honokaa Resident, a member of the Hamakua Health Center Board of Directors, and the Urgent Care Division of Hamakua Health Center. The Department of Health testified in support of this bill with funding reservations.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 737, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 1104 Health and Environment on H.B. No. 1830

The purpose of this bill is to ensure the adequate response of health care personnel during a disaster by providing all volunteer emergency medical disaster response personnel with workers' compensation coverage and immunity from liability. Furthermore, this bill allows a medical facility to accept the medical staff privileges from another medical facility for the purpose of rendering professional medical care under disaster conditions resulting in a mass casualty incident.

Your Committee received testimony in favor of this bill from the Department of Health and Healthcare Association of Hawaii.

The Department of Health indicated that under chapter 128, Hawaii Revised Statutes, volunteer health care personnel are granted immunity and provided benefits once an official declaration of disaster has been made. However, the current law does not provide such benefits to volunteers under normal conditions. This bill will fill that area which has been deficient. The Department of Health contended that the State needs to afford volunteer medical personnel the same protection afforded volunteers in a gubernatorial or presidential declaration of a disaster.

The Healthcare Association of Hawaii made similar remarks and noted Hurricane Iniki as a prime example for the necessity of this bill.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1830, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1105 Health and Environment on H.B. No. 1839

The purpose of this bill is to provide an emergency appropriation to the Department of Health (DOH) to prevent the reduction or discontinuance of services to emotionally disturbed children and adolescents.

Your Committee received testimony in support of this bill from the DOH and an individual advocate. The DOH indicated that the projected increases and costs associated with children and youth who will require services under the Felix vs. Waihee Consent Decree

is the primary contributing factor for an emergency appropriation in the amount of \$9,218,665. This emergency appropriation is necessary to meet the DOH's financial obligations in the following areas: Child Based Budget Projections (\$4,556,342), Residential Placements and Acute Psychiatric Services (\$4,731,570), Fee for Service - Care Coordination (\$478,679), and Day Treatment Program Renovation (\$44,409). With the DOH's Personal Services savings of \$592,335, the total equals the above emergency appropriation figure.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1839, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 1106 Health and Environment on H.B. No. 1840

The purpose of this bill is to provide a \$21 million emergency appropriation for the operations of the Hawaii Health Systems Corporation.

Your Committee received testimony in support of this bill from Hawaii Health Systems Corporation (HHSC), Hawaii Medical Association and Healthcare Association of Hawaii. HGEA-AFSCME Local 152 submitted written testimony indicating that it supports the intent of this bill; however, has reservations about this draft. With the privatization of the Hana Community Health Center, effective July 1, 1997, HGEA-AFSCME's concern was two-fold. One, why the HHSC is allowed to provide funds to operate a private facility, two, why the Hana Community Health Center is allowed to be privatized, given the fact that HHSC cannot make the operations financially viable.

After thorough review, your Committee found that no amendments were necessary. Thus, this bill was passed, unamended.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1840, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 1107 Health and Environment on S.C.R. No. 22

The purpose of this concurrent resolution is to urge the Office of Hawaii Affairs (OHA) to provide financial support to the Native Hawaiian Health Systems.

Specifically, the concurrent resolution urges OHA to:

- (1) Review its fiscal policies and budget assignments relating to Native Hawaiian health services;
- (2) Commence meetings for discussion of Native Hawaiian health problems; and
- (3) Fund the Native Hawaiian Health Systems in an amount equal to the mandated federal cutbacks, or amounts for each island system, as determined by the social, economic, and population demographics of each island.

Testimony in support of the measure was received from Papa Ola Lokahi, OHA, Ho'ola Lahui Hawai'i, and Hui No Ke Ola Pono.

In its testimony, Papa Ola Lokahi stated that it was established in 1988 to begin addressing Native Hawaiian health concerns in the State and that OHA was a charter member of the board of directors. Between 1988 and 1992, Papa Ola Lokahi's major focus was to identify and certify five Native Hawaiian Health Care Systems (Systems) that would begin addressing Native Hawaiian health issues by developing and implementing preventive health measures on each of the major islands. To enable the Systems to commence operations, OHA provided some of the initial start-up funds totaling \$150,000 in the 1988-1990 biennium. In 1992 and 1993, OHA provided an additional \$230,000 in total funding for the Systems. Last year, OHA provided a one time grant of \$50,000 to Ke Ola Mamo, the Native Hawaiian Health System serving Oahu.

Papa Ola Lokahi further stated in its testimony that each of the five Systems receive their primary financial support from the Bureau of Primary Health Care in the U.S. Department of Health and Human Services. This year's federal appropriation to the Systems totals \$2,060,000. This appropriation has been supplemented by additional funding from savings of past years. Next year, these supplemental funds will no longer be available. This means that the Systems will have about \$500,000 less next year. An additional factor impacting the Systems and their use of federal funds is the requirement that local matching funds be secured at a ratio of one local dollar for every five federal dollars appropriated.

OHA indicated in its testimony that it continually supports the efforts to better the health conditions of all Hawaiians. Although OHA's Board of Trustees has not had the opportunity to objectively review this measure, based on previous actions, OHA has always been amenable to discuss this type of partnership.

After carefully considering the merits of the measure and the testimonies received, your Committee has amended this concurrent resolution by:

- (1) Referencing the proper federal Act as the Native Hawaiian Health Care Improvement Act of 1992, P.L. 102-396;

- (2) Urging the Office of Hawaiian Affairs to consider funding the local matching fund requirement of one local dollar for every five federal dollars for each of the Systems' federal allocations;
- (3) Properly referencing the Native Hawaiian Health Care Systems throughout the measure, including in the title; and
- (4) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 22, as amended herein, and recommends that it be referred to the Committee on Water, Land, and Hawaiian Affairs, in the form attached hereto as S.C.R. No. 22, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1108 (Majority) Health and Environment on S.C.R. No. 25

The purpose of this concurrent resolution is to urge the Department of Education (DOE) to discuss with the American Medical Association, the American Pediatric Association, and the Department of Health (DOH) the feasibility of requiring that all health teachers:

- (1) Be certified in health;
- (2) Take continuing education classes in five areas; and
- (3) Be evaluated, along with their curriculum, by random surveys each semester of students enrolled in the class.

Your Committee heard testimony in favor of this measure submitted by the State Student Council and the Kahuku High Health Learning Center. Testimony against this measure was submitted by Hawaii Right to Life. The DOE submitted testimony concurring with the intent of this measure but expressed the belief that it is unnecessary because the department's ongoing efforts in this area are sufficient to address the purposes of this concurrent resolution to the extent practicable.

After consideration of the testimony, your Committee amended this measure by:

- (1) Noting that the Health Summit was "held at" instead of "by" the Kahuku High School Health Learning Center in the first paragraph;
- (2) Indicating that the State's focus should be on "the prevention and negative influences" of the five identified problem areas instead of "the prevention of negative influences" in the fourth paragraph; and
- (3) Replacing "Anger/stress management" with "Anger and stress" in the fourth paragraph.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 25, as amended herein, and recommends that it be referred to the Committee on Education, in the form attached hereto as S.C.R. No. 25, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 1 (Slom). Excused, 1 (Tam).

SCRep. 1109 Health and Environment on S.C.R. No. 55

The purpose of this concurrent resolution is to take the initial steps toward mandating that insurance coverage for mental illness be equal to coverage provided for all other medical illnesses by requesting the Auditor to conduct an assessment, to determine the social and financial effects of mandating such insurance coverage.

Testimony supporting the measure was received from the Hawaii Medical Service Association, the Mental Health Community Coalition, the National Association of Social Workers, and a concerned individual. The Hawaii Psychological Association (HPA) and the Equal Insurance Coalition (EIC) suggested amendments to the measure.

The HPA stated in its testimony that it believes that equal coverage for mental illness and substance abuse in health care insurance plans is important. The HPA claims treatment of the mentally ill on an equal basis as those with other physical illnesses is fair and effective.

In its testimony, the EIC stated that equal health insurance is needed for mental illnesses. Existing health insurance coverage is often discriminatory, with many health plans restricting the number of covered doctors' visits and hospital days. The EIC further stated that it is estimated that approximately 200,000 children and adults suffer from mental illness. Fortunately, between sixty percent and eighty percent of this population can be successfully treated. Diagnosis and treatment of serious mental illness today is as precise and more effective than diagnosis and treatment of other disorders. However, despite this progress, many of these people are not receiving treatment because their health insurance policies restrict or deny coverage for mental health treatment.

Additionally, the EIC indicated that a breakdown of the costs would be valuable in determining the most appropriate timing for implementation of equal health insurance coverage for mental illnesses.

Your Committee agrees that it is appropriate to seek parity for health insurance benefits for mental illness. Your Committee also believes that parity for health insurance benefits for substance abuse is equally appropriate. However, your Committee believes that before any changes are made to existing health insurance coverage levels, a thorough cost-benefit analysis should be conducted.

After considering the merits of the measure and the testimonies received, your Committee has amended the measure by, among other things:

- (1) Including substance abuse, in addition to mental illness, as a separate category for possible mandated health insurance coverage that the Auditor would be requested to assess;
- (2) Noting that the current law mandating coverage for mental illness is scheduled to sunset on July 1, 1998;
- (3) Specifically identifying the types of insurance policies and health care plans to be included in the study;
- (4) Including as part of the assessment study, a breakdown of cost categories that relate to mental illness and substance abuse, which would provide valuable data in determining the most appropriate timing for implementation of this type of mandated coverage; and
- (5) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 55, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 55, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1110 Health and Environment on H.B. No. 1818

The purpose of this bill is to broaden the definition of "practitioner" under the Hawaii Food, Drug, and Cosmetic Act (Act) to permit pharmacists to fill prescriptions written by individuals who are authorized by the laws of the State to prescribe prescription drugs.

This bill also repeals the definitions of the Act, adds new definitions consistent with current practices, and prohibits the sale of expired drug products.

Your Committee received testimony in support of this bill from the Board of Pharmacy of the Department of Commerce and Consumer Affairs, Board of Medical Examiners, and Department of Health.

Under current law, pharmacists may fill prescriptions written by licensed practitioners. This bill allows military physicians who are statutorily exempt from licensure under chapter 453, Hawaii Revised Statutes, to have prescriptions filled, for example. Your Committee finds that this is warranted since military physicians practice medicine in this State without a statutory medical license. Your Committee further finds that the other provisions of this bill are necessary to protect the public health.

Your Committee has amended this bill on recommendation of the Department of Health to clarify the definition of "practitioner" by deleting "certified" and inserting "or authorized by the laws of the State" throughout the bill.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1818, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1818, H.D. 2, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1111 Health and Environment on H.B. No. 1829

The purpose of this bill is to create the family violence special fund for Department of Health staff programs and grants or purchases of service that support family abuse intervention or prevention, and the vital statistics improvement special fund to modernize and automate the vital statistics information system. This bill also establishes a new fee schedule for certified copies of vital statistics records from which the two new funds receive funding, and appropriates \$250,000 out of each new fund.

Your Committee heard testimony in favor of this bill submitted by the Director of Health. The Hawaii State Commission on the Status of Women submitted testimony supporting the intent of this bill but recommended that the Department of Health transfer forty percent of the revenues collected by the domestic violence special fund to the Department of the Attorney General for violence prevention curriculum initiatives, and that the Department of Health work collaboratively with the Ad-Hoc Committee on Domestic and Sexual Violence in developing and implementing programs and projects funded by the fund.

After considering the testimony and reviewing the history of this measure, your Committee concluded that the version of the bill in House Draft No. 1 appeared to most effectively carry out the bill's underlying intent of maximizing innovative funding mechanisms for the prevention of domestic violence.

Your Committee amended this bill by conforming the contents to reflect the version of the bill in House Draft No. 1, as modified by two technical, nonsubstantive changes for accuracy.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1829, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1829, H.D. 3, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1112 Health and Environment on H.B. No. 1837

The purpose of this bill is to establish funding for the local emergency response planning committees (LEPC) to plan, prepare, and respond to hazardous material emergencies that may occur in their districts.

Your Committee received written testimony in support of this measure from the Department of Health, with amendments. The Sierra Club Hawaii Chapter submitted comments with amendments.

Your Committee finds that the original purpose of enacting chapter 128E, Hawaii Revised Statutes (HRS), was to provide a funding mechanism for LEPCs. However, when enacted, the \$100 per facility filing fee was placed in the general fund and the LEPCs remained unfunded. The \$100 filing fee currently generates approximately \$80,000 per year, which would at least partially fund the LEPCs.

Your Committee supports the intent of this measure and believes the issues raised regarding the amount of the fees, or other moneys available to fund the LEPCs, merit further consideration. Your Committee has amended this bill accordingly to:

- (1) Amend section 128D-2(b), HRS, to allow the use of the oil tax for responding to all hazardous substances; and
- (2) Amend section 128E-9, HRS, to delete the specific dollar amount of the filing fees.

Your Committee believes these amendments will provide consistency with the prior Senate position on S.B. No. 1082, which was heard by this Committee, and generate additional discussion on the merits of amending the filing fee.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1837, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1837, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1113 Human Resources on H.B. No. 1715

The purpose of this bill is to specify the penalties for the fraudulent use of electronic benefits transfer cards or similar debit-card type devices to obtain food stamp benefits.

Your Committee received testimony in support of this bill from the Department of Human Services (DHS).

Your Committee has amended this bill on recommendation of the DHS by:

- (1) Retaining a misdemeanor violation for food stamp fraud for amounts under \$300; and
- (2) Retaining a class C felony for amounts over \$300 along with the class B felony penalty for electronic benefits transfer or debit card fraud.

Technical nonsubstantive amendments were made to this bill for the purpose of style and clarity.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1715, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1715, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Baker, Kanno, Anderson).

SCRep. 1114 (Joint) Water, Land, and Hawaiian Affairs and Government Operations and Housing on H.B. No. 1712

The purpose of this bill is to help meet the housing needs of native Hawaiians by:

- (1) Authorizing the Department of Hawaiian Home Lands to develop and construct single-family and multifamily units for native Hawaiians;
- (2) Allowing a lessee of Hawaiian home lands to rent to native Hawaiians or Hawaiians in the lessee's own home or in a separate residential dwelling on the premises; and
- (3) Expanding the allowable mortgage insurers for lessees to include any acceptable private mortgage insurance approved by the Hawaiian Homes Commission.

Your Committees find that providing the Department of Hawaiian Home Lands with more housing provision options would better suit the changing needs of its constituency and could expedite the process of placing more native Hawaiians in Department-sponsored housing projects.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Government Operations and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1712, H.D. 1, and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 4 (Baker, Fukunaga, Ige, D., Matsunaga).

SCRep. 1115 Water, Land, and Hawaiian Affairs on H.B. No. 1746

The purpose of this bill is to clarify the duties and powers of the Kaho'olawe Island Reserve Commission (KIRC).

Your Committee finds that the bill provides the Kaho'olawe Island Reserve Commission with the same powers bestowed upon island burial councils established pursuant to chapter 6E, Hawaii Revised Statutes, with respect to burials and human skeletal remains found on the island of Kaho'olawe. The bill also allows the Kaho'olawe Island Reserve Commission to delegate to its staff certain authority and administrative functions required of the Commission under chapter 6K, Hawaii Revised Statutes.

In recommending the bill's passage, your Committee hopes that the KIRC will more fully understand the importance of its role and responsibilities in restoring Kaho'olawe. In understanding its stated purpose, the KIRC will then be in a position to aggressively exercise its authority in controlling restoration activities. Your Committee has raised this concern due to the KIRC's failure to challenge the General Counsel of the U.S. Navy's opinion that stated that contracts awarded for the rehabilitation of Kaho'olawe are not subject to the so-called "Akaka Amendment," which requires the Navy to show preference to small businesses, disadvantaged businesses located in Hawaii, and Native Hawaiian-owned businesses. It is your Committee's hope that the KIRC will more stridently enforce its compliance authority on future actions of the U.S. Navy with regard to the island reserve.

Your Committee believes that the bill will assist the Kaho'olawe Island Reserve Commission in achieving its mandated purpose.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1746 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 1116 Water, Land, and Hawaiian Affairs on H.B. No. 1747

The purpose of this bill is to clarify the enforcement authority of the Department of Land and Natural Resources (DLNR) within the boundaries of the Kaho'olawe Island Reserve.

Your Committee finds that under current law, DLNR is authorized to enforce activities within the Kaho'olawe Island Reserve. However, the law that establishes DLNR's Conservation and Resources Enforcement Program is silent as to DLNR's jurisdiction and enforcement authority. This bill corrects the ambiguity.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1747 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 1117 Water, Land, and Hawaiian Affairs on H.B. No. 1748

The purpose of this bill is to establish administrative penalties to address civil violations within the Kaho'olawe Island Reserve (Reserve).

Specifically, the bill:

- (1) Establishes administrative penalties for unlawful activities within the Reserve;
- (2) Changes violations of laws and rules applicable to the Reserve from a misdemeanor to a petty misdemeanor; and
- (3) Provides that civil legal action does not preclude the State from seeking criminal penalties against persons who violate chapter 6K, Hawaii Revised Statutes, or any rules adopted under the chapter.

Your Committee finds that the bill will augment the enforcement of the administrative rules relating to the Reserve by adding a civil process and penalties for violations, thereby increasing the protection afforded to the Reserve.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1748, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 1118 Water, Land, and Hawaiian Affairs on H.B. No. 2207

The purpose of this bill is to address the issues and controversies surrounding the public land trust by:

- (1) Setting forth legislative findings with regard to the public land trust;
- (2) Providing for an inventory of lands in the public land trust and define subject lands as those listed in the inventory;

- (3) Clarifying what constitutes "revenues" from public land trust lands;
- (4) Establishing the amount and timing of revenues allocated to the Office of Hawaiian Affairs (OHA);
- (5) Establishing a committee to address outstanding public land trust issues;
- (6) Establishing a limited moratorium on the conveyance of public land trust lands; and
- (7) Effectuating these provisions retroactively.

Your Committee finds that as the State approaches the twenty-first century, there is a growing concern over issues surrounding the ceded lands and the Hawaiian home lands. In order to formulate reasonable and accurate solutions to these issues, further discussion between affected parties is warranted to determine whether some portion of the public land trust should be transferred to the OHA in satisfaction of all or a portion of the pro rata portion of the revenue derived from the public land trust and due to the OHA. Further, in order to formulate reasonable and accurate solutions, proper tools such as a comprehensive ceded lands and Hawaiian home lands inventory and a map database for these lands are necessary.

Your Committee also finds that although compensation to the OHA is warranted, Hawaii continues to experience a slow economic recovery. The uncertainty surrounding the determination of revenue due to the OHA further complicates the State's ability to plan for future appropriations.

Despite these economic uncertainties, the State is committed through the provisions of the Admission Act, the State Constitution, and recent efforts by the Legislature and the Administration, to continue to resolve long standing controversies on ceded land revenues. Your Committee also believes that it is in the best interest of the State and the OHA and its beneficiaries to provide for stability of resources given and resources received while these discussions occur.

To accomplish the abovementioned goals, your Committee has structured the amendments made to the bill in three major parts. Part I of the bill establishes a findings and purpose that calls for the formulation of a comprehensive and cohesive strategy to finally resolve the issue of fairly compensating the OHA and to ensure that the OHA is provided with an adequate level of compensation during the interim period in which the comprehensive resolution is being negotiated.

Part II of the bill requires the DLNR to work with all state agencies and departments that use or manage public lands to develop and establish a comprehensive ceded lands and Hawaiian home lands inventory and a map database that illustrates such parcels. Part II also creates a joint legislative committee to study and make recommendations on the portion of the public land trust to be transferred to the OHA in satisfaction of all or a portion of the pro rata portion of the revenue derived from the public land trust and due to the OHA under the Admission Act and the State Constitution.

Part III of the bill establishes an interim amount of revenue to be received by the OHA at an annual amount of \$15.1 million while the compensation and land transfer package is being negotiated.

Your Committee has also deleted the section of the bill which was made retroactive for the purposes of redefining the term "revenue" as used in section 10-2, Hawaii Revised Statutes. While your Committee does not disagree with the reflection of legislative intent contained in H.B. No. 2207, H.D. 1 and H.D. 2 (1997) and H.S.C.R. No. 602 (1997) regarding the definition of "revenue," since the lawsuit dealing with this issue (namely, *Office of Hawaiian Affairs v. State of Hawaii*, Circuit Court of the First Circuit, State of Hawaii, Civil No. 94-0205-01) is currently before the Supreme Court of the State of Hawaii, your Committee feels that no legislative action should be taken at the present time. Your Committee believes that the Supreme Court of the State of Hawaii must take into account the expression of legislative intent regarding the definition of "revenue" as contained in H.B. No. 2207, H.D. 1 and H.D. 2 (1997) and H.S.C.R. No. 602 (1997) if and when rendering any decision on this matter in the lawsuit mentioned above.

Mr. President, your Committee, the Legislature, and the Hawaiian people have come a long way on this issue. The divisive nature of this issue has festered too long. Beginning with the illegal overthrow of the Kingdom of Hawaii in 1893, the Hawaiian people have languished in a political system that shows little compassion for their cultural and political birthright. For eighty-five years, the Hawaiian people have lived with the neglect and indignity of a culture cast aside in the wake of western progress.

In 1978, the Constitutional Convention proposed, and the people of Hawaii ratified, the establishment of the Office of Hawaiian Affairs. The Office of Hawaiian Affairs' purpose was to champion the cause of the Hawaiian people and to ensure their voice in government. Since then, OHA has diligently worked towards its goal of reestablishing the Hawaiian people and culture into a rightful place of prominence within their homeland. Your Committee respectfully recognizes OHA's efforts and the challenges it has faced.

In 1990, the Legislature enacted Act 304, Session Laws of Hawaii 1990, to formally recognize the State's financial obligation under the Admission Act, the State Constitution, and Chapter 10, Hawaii Revised Statutes. This bill is a further extension and affirmation of the State's commitment.

Mr. President, one hundred-four years is a long time to wait for justice. Clearly, the time has arrived for all parties involved to rise above the differences of the past and come together to embrace what must be a common and shared future. Such a convergence is not only necessary, but inevitable if we, the collective people of Hawaii, are to move forward as a community.

In crafting this bill, your Committee has deliberated long and hard over the issue and spent countless hours discussing solutions. What transpired out of these discussions was a feeling that the State should not rush into settling a part of history that many much rather forget. Rather, your Committee feels that ultimately, justice requires that a thoughtful, comprehensive, and mutually-inclusive process be established in order to arrive at a compassionate and fair resolution. It is only through this process, however painful and laborious, that we will truly learn the price of our State's existence.

Your Committee firmly believes that the bill as amended will establish the process by which to finally and justly resolve the longstanding issues over the State's responsibilities toward the Hawaiian people and managing the public land and the Hawaiian home

lands trusts. This process will elevate the discussions over OHA's entitlements to a level where sensitivity over the past injustices toward the Hawaiian people and collaboration over resolving the longstanding responsibilities bestowed upon the State in its Admission Act and State Constitution prevails.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2207, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2207, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 1119 Human Resources on H.B. No. 1624

The purpose of this bill is to authorize qualified private sector inspectors to perform required elevator safety inspections.

Your Committee replaced the provisions of H.B. No. 1624, H.D. 1, with provisions that establish a Boiler and Elevator Safety Revolving Fund and that require boiler and elevator safety inspections occur every five to seven months, and held a public hearing on the proposed draft.

Testimony in support of the proposed draft was received from the Hawaii Government Employees Association, the Hawaii Building and Construction Trades Council, the International Union of Elevator Constructors, and Montgomery KONE. The Department of Labor and Industrial Relations testified in opposition to the proposed draft.

Your Committee believes that establishing a Boiler and Elevator Safety Revolving Fund and mandating that safety inspections of boiler systems and elevators occur every five to seven months would provide the public with greater reassurances that the abovementioned equipment is in proper working order and safe for use.

Your Committee finds that the cost of operating the boiler and elevator safety inspection program is \$810,000 annually and that that the estimated revenues derived from the September 1996 fee increase would be \$935,000. Establishing a revolving fund to fund the direct costs of boiler and elevator inspections would move the program toward self-sufficiency.

Your Committee would also like to note that testimony indicated that the State is owed payment of approximately \$300,000 in elevator inspection fees from private companies. Your Committee believes that establishing a revolving fund to cover the direct costs associated with the inspection program will alleviate any arrearages in the future.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1624, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1624, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 1120 (Joint) Education and Judiciary on H.B. No. 701

The purpose of this bill is to transfer the functions and authority for the initial and ongoing training of school security attendants, subject to the availability of funding, from the Department of Education to the Department of Public Safety.

Your Committees received testimony supporting this measure from the Hawaii State Student Council, the Department of Education, and two students. Testimony opposing this measure was received from the Department of Public Safety, the Hawaii State Teachers Association, and Pahoa High and Intermediate School.

Your Committees find that many students in the public school system feel unsafe in their schools. At the 1996 State Student Governance Summit students have testified about events they have witnessed that include school security attendants fraternizing with "troublemakers", allowing students to smoke in the bathrooms, not responding to fights in a timely manner, ignorance of cardiopulmonary resuscitation, permitting students without passes to be out of class, and permitting students to leave campus without checking for passes.

Your Committees further find that currently, school security attendants receive only twenty hours of initial training and attend an eight hour training course annually.

Your Committees believe that the problems and issues relating to campus security differ from the problems and issues encountered in a prison system. However, it is in the best interest of our students that an alliance be formed between the Department of Education and the Department of Public Safety to work out the best possible training program for the Department of Education's school security attendants utilizing the Department of Public Safety's expertise.

Your Committees have amended this bill by deleting all reference to the Department of Public Safety, appropriating an unspecified sum to the Department of Education to provide improved initial and ongoing training to school security attendants, and making this Act effective on July 1, 1997.

As affirmed by the records of votes of the members of your Committees on Education and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 701, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 701, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 6 (Bunda, Fernandes Salling, Ige, D., Ige, M., Matsunaga, McCartney).

SCRep. 1121 Government Operations and Housing on H.B. No. 1797

The purpose of this bill is to provide relief from the owner-occupancy requirement imposed on homeowners who had purchased their homes under the Hula Mae Mortgage Loan Program by providing a waiver of up to three years from the owner-occupancy requirement if the homeowner needs to transfer the homeowner's property due to unanticipated events.

Your Committee replaced the provisions of H.B. No. 1797, H.D. 1, with provisions creating a pilot project to test the effectiveness and necessity of the ten-year transfer restriction under section 201E-221, Hawaii Revised Statutes, and attached copies of the proposed senate draft to the hearing notices.

The Housing Finance and Development Corporation testified in support of the bill with the proposed provisions.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1797, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1797, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 1122 Human Resources on H.B. No. 1721

The purpose of this bill is to establish separate, financial assistance programs for needy families and singles pursuant to federal regulations specified in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Your Committee received testimony in support of this bill from the Department of Human Services, American Friends Service Committee, National Association of Social Workers (NASW), Committee on Welfare Concerns, and four private citizens. The Legal Aid Society of Hawaii opposed the bill. Informational testimony was received from the Office of Information Practices and three private citizens.

Your Committee finds that this measure is necessary to bring Hawaii's financial assistance programs in line with federal welfare requirements.

Your Committee has amended this bill by:

- (1) Adding the word "general" before the term "assistance to households without minor dependents" for the sake of clarity and continuity between the former and new name of the program;
- (2) Removing the 24 month limit for general assistance;
- (3) Clarifying the parameters for determining the needs of an applicant for public assistance by requiring the department to apply "all" the resource retention "and exclusion" requirements under the Federal Security Income Program;
- (4) Adding a repeal date of June 30, 1998 to provide the legislature an opportunity to evaluate the PONO program;
- (5) Conforming the repeal date provision of Act 300, Session Laws of Hawaii 1996 to provide for a reenactment consistent with this Act; and
- (6) Making technical, non-substantive changes for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1721, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1721, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 1123 Human Resources on H.B. No. 1810

The purpose of this bill is to require that public safety investigative staff investigators, in order to qualify for the two and one-half percent retirement benefit, work in that capacity in the last five years prior to retirement.

Your Committee received testimony in support of this bill from the Employees' Retirement System.

Your Committee finds that Act 196, Session Laws of Hawaii 1994, granted public safety investigative staff the "25 and out" and the two and one-half percent retirement benefit formula, but inadvertently neglected to qualify that benefit with a five year service requirement, as is required in other similarly situated positions. This oversight is rectified by this bill.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1810 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 1124 Human Resources on H.B. No. 1815

The purpose of this bill is to allow the Employees' Retirement System (ERS) to appoint a chief investment officer.

Your Committee received testimony in support of this bill from the ERS. The Attorney General submitted testimony in opposition to the portion of the bill containing current law which referred to the authority of the ERS to select its own legal counsel in addition to the Attorney General.

Your Committee finds that the ERS needs a chief investment officer to help ensure that the ERS investments objectives are being met by the numerous investment management firms hired by the ERS.

Your Committee also believes that the ERS should have the authority to hire outside counsel even though the Attorney General has designated a deputy exclusively for the ERS. The ERS testified that it needs more expedient legal work in highly complicated investment cases and in contracts when time is of the essence to close a deal.

Your Committee has amended this bill on the recommendation of the ERS to add language clarifying the authority of the ERS to hire outside counsel and to make technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1815, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1815, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 1125 Judiciary on H.B. No. 108

The purpose of this bill, as received by your Committee, is to require law enforcement agencies to provide relevant information necessary to protect the public in connection with the release of sex offenders. This bill also provides for notice through posting on the Internet and a telephone hotline. Finally, this bill permits the taking of saliva and blood samples from certain convicted offenders who have committed sex offenses against minors for the development of DNA profiles.

Testimony in support of this bill was received from the Department of the Attorney General, the Office of Information Practices, the Department of Public Safety, the County of Hawaii Police Department, the County of Kauai Police Department, the Hawaii State Commission on the Status of Women, the Honolulu Police Department, and private citizens. The Office of the Public Defender provided comments. The Office of Youth Services opposed the inclusion of juveniles in the sex offender registration system.

Your Committee finds that the Legislature has a compelling interest in protecting the public from sex offenders by requiring strict registration requirements and public notification of the presence of convicted sex offenders in a particular community. Your Committee is mindful that children are especially vulnerable targets of the predatory, persistent, and often violent behavior of sex offenders and that the policy behind such requirements would be contrary to legislative intent if lifetime registration applied to juveniles. Thus, your Committee agrees that the requirements established by this measure should apply only to convicted sex offenders and not to juveniles adjudicated of sexual offenses in family court.

Your Committee further finds that failure to comply with recent federal requirements for sex offender registration and notification will result in a ten percent reduction in the State's Byrne Formula Grant funding. Your Committee is painfully aware of the State's worsening economic condition and the need to take immediate action to ensure that the federal funds desperately needed by law enforcement agencies are not lost.

Upon further consideration, your Committee has amended this bill by replacing its contents with the substance of the Senate version, S.B. No. 838, S.D.1, and including some of the provisions from this bill as well as other changes recommended by testifiers, that:

- (1) Require DNA testing of persons convicted of sex crimes against minors;
- (2) Include the offense of promotion of child abuse in the second degree within the class of sexual offenses against a minor for which DNA testing would be required;
- (3) Permit the Attorney General to place relevant information from the file of each registered sex offender in an electronic database accessible through interactive computer-based systems such as the Internet;
- (4) Require notification of future addresses of a sex offender, if applicable; and
- (5) Authorize police department crime laboratories to collect DNA samples.

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. 108, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 108, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Sakamoto).

SCRep. 1126 Judiciary on H.B. No. 112

The purpose of this bill is to permit the testimony of victims and witnesses via two-way closed circuit video.

Testimony in support of this bill was received from the Department of the Prosecuting Attorney of the City and County of Honolulu, the Department of Business, Economic Development and Tourism, the Honolulu Police Department, and Hawaii Hotel Security Association. The Judiciary submitted comments that the measure is unconstitutional as applied to criminal cases.

Your Committee finds that public safety is compromised when law enforcement agencies are unable to prosecute a case solely because a witness can not attend the court proceedings. Yet, a witness may have legitimate difficulties in attending court for the purposes of testifying. For example, a witness may have reasonable fears in facing the accused especially when the witness was victimized in a violent or abusive fashion. Further, there may be situations where the witness is physically incapable of attending court or where attendance will cause physical hardship. In other instances, a witness cannot be compelled to return for trial despite reasonable efforts to obtain their presence.

Your Committee is mindful of the concerns regarding the accused's constitutional right to confrontation of the witness. However, your Committee believes that such cases provide a compelling State interest in protecting witnesses by allowing them to testify through live, simultaneous, two-way video conferencing. Where the witness is either fearful, or emotionally or physically unable to testify, your Committee believes that such cases should be viewed as an exception to the Confrontation Clause of both the Hawaii State Constitution and United States Constitution under the same compelling reason that allows the use of videotaped testimony for child witnesses.

Your Committee further finds that there is a compelling State interest in protecting the public safety and welfare by allowing testimony of witnesses via two-way closed circuit video for non-resident victims of crime. The inability to prosecute cases in which the witness is a visitor significantly impacts the crime rate in Hawaii, in part because career criminals realize that they can prey on visitors who will not likely return to our State to testify against them. Beyond the adverse impacts these unprosecuted cases have on our visitors, Hawaii residents are also affected because these same criminals will continue to victimize not only visitors but residents. Thus, public safety is compromised and the quality of life for our residents is diminished due to fear that criminals attack without punishment.

Moreover, your Committee believes that the quality of life is also affected because of our State's dependence on tourism for the livelihood of our citizens. Your Committee is painfully aware that growing public perception that Hawaii is an unsafe tourist destination will continue to damage our fragile tourism-based economy unless we are able to prosecute criminals and deter future crimes in the process.

Your Committee further finds that the use of live, two-way simultaneous video and audio transmission provides the accused similar guarantees as face-to-face confrontation, in that the accused will have the opportunity to view the witness and cross examine the witness. Moreover, video conferencing ensures the trier of fact the same guarantee of reliability and trustworthiness of the testimony that face-to-face confrontation provides.

In light of these findings, your Committee has amended this bill by emphasizing in the purpose clause the compelling state interest in allowing residents and visitors alike the opportunity to testify via video conferencing when necessary and appropriate.

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. 112, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 112, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Sakamoto).

SCRep. 1127 (Joint) Judiciary and Education on H.B. No. 115

The purpose of this bill is to divert first-time offenders from the formal juvenile justice system by appropriating funds for the continuation of the pilot Teen Court Program and authorizing the Superintendent of Education to designate the schools which will participate in the Teen Court Program.

Testimony in support of this bill was received from the Judiciary, the Office of Youth Services, the Department of Education, the Hawaii State Teachers Association, the Honolulu Police Department, the Office of the Public Defender, the Department of the Prosecuting Attorney City and County of Honolulu, and a private citizen.

Your Committee finds that the Teen Court Program serves as a valuable tool in lowering the recidivism rate for first time juvenile offenders. Young people who come before the court are held accountable for their conduct before patterns of law-breaking behavior are well established.

Your Committee further finds that this diversionary program benefits the criminal justice system by ensuring swift consequences for truancy and misdemeanors, and, thereby reducing Family Court caseloads.

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

- (1) Clarifying that the purpose of the program is to provide first time juvenile offenders a diversionary, rehabilitative program;
- (2) Revising the reporting requirements to include an annual evaluation of the effectiveness of the Teen Court Program in diverting first-time offenders from the judicial system and the need for continued expansion; and
- (3) Making technical nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Judiciary and Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 115, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 115, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 5 (Bunda, Fernandes Salling, Ige, M., McCartney, Sakamoto).

SCRep. 1128 Judiciary on H.B. No. 140

The purpose of this bill is to make changes to campaign spending laws in areas related to unlimited loans, noncandidate committees, reporting requirements by candidates with little or no contributions or expenditures, qualifying contributions for various races, and use of public funds.

Your Committee finds that this bill, as received by your Committee, attempts to close the largest loophole in Hawaii's campaign spending law which is the absence of any effective restriction on the making of loans to candidates and candidate committees. This bill addresses this weakness in the law by providing for a five year repayment window after which candidates or candidate committees would be prohibited from receiving other loans or making expenditures except to retire any unpaid loan balance.

Your Committee further finds that an equally significant loophole in our current law is the absence of contribution limits on "sole electoral activity" committees, committees organized within six months of an election to influence the outcome of an election or ballot question. Again, the absence of contribution limits may permit the complete circumvention of the intent of our campaign spending laws by permitting large contributors to have a real or perceived undue influence on the outcome of elections or ballot issues. This measure, as received by your Committee, left the existing law intact as there is no mention of noncandidate committees.

In a rare showing of unanimity, the Campaign Spending Commission, Democratic Party of Hawaii, Republican Party of Hawaii, Green Party, Common Cause Hawaii, and the League of Women Voters all testified in opposition to this measure, and voiced their preference for the Senate companion measure, S.B. 831, S.D.2. The Senate companion provided that loans amounts not repaid by election day shall be treated as contributions, and thus any contributions in excess of existing contribution limits would be subject to the sanctions applicable to excessive contributions.

Upon careful consideration, your Committee has amended this measure to incorporate federal standards regarding loans, and therefore, a loan of money or anything of value has been included within the definition of "contribution". Further, your Committee has included language mirroring the federal standards excepting commercial loans made in the ordinary course of business. Under this exception, cosigners or guarantors will be treated as contributors to the proportional extent of their guarantee.

Your Committee has further amended the bill by:

- (1) Deleting the provision requiring the campaign spending commission to issue advisory opinions within thirty days of receipt as it would place an undue burden upon the commission which meets only once per month;
- (2) Clarifying that matching funds will only be available to candidates who have opposition;
- (3) Authorizing the appropriation of no more than \$100,000 annually from the Hawaii election campaign fund for the purposes of administration; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 140, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 140, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 1129 Judiciary on H.B. No. 405

The purpose of this bill is to address the needs of victims of domestic violence by appropriating funds for victim support services.

Testimony in support of this measure was submitted by the Judiciary, the Hawaii Medical Association, Child and Family Service, members of the board and the Executive Director of the Domestic Violence Clearinghouse, and one individual.

Your Committee finds that domestic violence is a serious problem in Hawaii that affects all of our citizens, whether they be spouses, children, co-habitants, and the elderly. Your Committee further finds that we often ignore the needs of the victims because the focus of domestic violence is on the perpetrator and not the victim or their family. Your Committee believes that providing adequate victim support services can be a tremendous help to the victims of domestic violence as they attempt to rebuild their lives and gain psychological and economic independence.

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. 405, H.D.1 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Sakamoto).

SCRep. 1130 Judiciary on H.B. No. 1188

The purpose of this bill is to appropriate funds for a "Crime in Hawaii" symposium composed of representatives from federal, state, county, community, and private organizations assembled to discuss crime prevention, crime reduction, and public safety.

Testimony in support of this measure was submitted by the Legislative Information Services of Hawaii. The Department of the Attorney General submitted testimony in support of the intent of this bill, but expressed concerns regarding the cost of managing a comprehensive symposium.

Your Committee finds that Hawaii's crime rate has increased substantially over the past few years, and that a comprehensive approach to discussing the problems and developing solutions is warranted. Your Committee further finds that this symposium is designed to assemble law enforcement and community groups to identify the major players in various criminal activities affecting Hawaii as well as to educate the public about the types of crime prevention and public safety programs currently available. Your Committee acknowledges that there are costs involved in executing such a symposium and thus defers to the Committee on Ways and Means to determine the appropriate funding amount.

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. 1188, H.D.1 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Sakamoto).

SCRep. 1131 Judiciary on H.B. No. 1381

The purpose of this bill is to authorize the Supreme Court of Hawaii to establish by rule nonrefundable filing fees to be charged for appeals under \$1,000 brought in the Tax Appeal Court.

Your Committee received favorable testimony from the Judiciary which noted that there has been no increase in fees under chapter 232, Hawaii Revised Statutes (HRS), since 1933; and that the bill would conform the establishment of fees and costs under chapter 232, HRS, with the provisions under chapter 607, HRS, which allow the Supreme Court to establish fees for district, circuit, and appellate courts.

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. 1381, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1132 Judiciary on H.B. No. 1388

The purpose of this bill, as received by your Committee, is to permit the court to impose interest penalties for outstanding traffic citations and judgments, and to establish a special fund into which such penalties shall be deposited.

The Judiciary testified in support of this measure.

Your Committee finds that uncollected fines for traffic citations are a potential source of revenue which can be used to support the operations of the district courts. Your Committee further finds that imposing penalties may serve as an incentive for offenders to remit their fines to avoid the penalty.

Upon further consideration, your Committee has amended the bill to substitute the substantive provisions of S.B. No. 715 S.D.1, the Senate companion measure, while retaining the House provision providing for a waiver of the penalty for good cause.

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. 1388, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1388, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1133 Judiciary on H.B. No. 1390

As received by your Committee this bill provides the necessary appropriations for the operation of and capital improvements for the Judiciary branch for the 1997-1999 fiscal biennium with a reduction in funding for the repair and maintenance for Judiciary facilities.

The Judiciary submitted testimony in support of this measure with amendments.

Your Committee finds that the Judiciary's bienium budget consists of the Judiciary's most pressing needs, including the continuation of the Drug Court Program and the enhancement of Family Court programs to address child abuse, neglect, and paternity issues. Your Committee further finds the continued deterioration of court facilities to be an ongoing concern as well as the lack of adequate security personnel to ensure the safety of its employees and the public.

Thus, your Committee after consideration had amended this measure by inserting the language contained in S.B. 721. Further, your Committee has added \$90,833,000 with conforming amendments for the design and construction of the proposed Family Court Center and Detention Facility in Kapolei on Oahu.

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. 1390, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1390, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1134 Judiciary on H.B. No. 1393

The purpose of this bill is to increase the salaries of the various justices and judges throughout Hawaii's court system.

Testimony in support of this measure was received from the Judiciary, the Judicial Salary Commission, the Hawaii Government Employees Association, and a private attorney.

Your Committee finds that our judges and justices have not received a salary increase since 1990. At present Hawaii's judicial salaries rank 47th among the fifty states when adjusted for the cost of living in Hawaii. At the federal level, it is notable that the lowest paid federal magistrate makes \$28,132 more than our Chief Justice. While economic reward should never be the primary objective in public service, fair and adequate compensation is necessary to attract and retain the finest judges.

Your Committee further finds that a recent report of the Judicial Salary Commission recommended a fifteen percent salary increase for judges and justices, with a five percent increase retroactive to July 1, 1996, and a five percent increase for each of the next two fiscal years. While your Committee strongly believes that our justices and judges deserve a salary increase, your Committee also believes that there needs to be further study and recommendation by the Judicial Salary Commission regarding establishing a salary structure which provides fair and adequate compensation based upon years of service in order to provide an incentive for retention of judges committed to public service.

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

- (1) Providing a five percent salary increase effective July 1, 1997;
- (2) Deleting any future salary increases;
- (3) Requesting the Judicial Salary Commission to submit a report, including findings and recommendations regarding a salary structure for judges based upon years of service and retention of judges committed to public service, to the Legislature prior to the 1998 regular session;
- (4) Inserting an appropriation amount of \$351,362 to fund a five percent salary increase in the 1997-1998 fiscal year; and
- (5) Making technical nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1393, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1393, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1135 Judiciary on H.B. No. 1394

The purpose of this bill is to authorize the Director of the Administrative Driver's License Revocation Office to collect a \$15 fee for the cost of processing requests for administrative hearings.

The Judiciary submitted testimony in support of this bill.

Your Committee finds that the costs of processing cases under the administrative driver's license revocation program should be borne by the offender. Upon further consideration, your Committee has amended this bill by substituting the substantive provisions of the Senate companion, S.B. No. 720, S.D. 1, while retaining the \$15 fee as provided in this measure.

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. 1394, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1394, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1136 Judiciary on H.B. No. 1582

The purpose of this bill is to appropriate money from the general fund to satisfy judgments against the State and settlements of claims.

The bill contains twenty-two claims with a total value of \$2,680,811.62. Your Committee received testimony in support of the bill from the Attorney General who recommended its passage, and also recommended the addition of six claims and a revised figure for an existing claim.

Your Committee has amended this bill by:

- (1) Amending the Toyama claim to reflect the correct total, \$78,823.25;
- (2) Amending the spelling of the name "Martell";

- (3) Adding the additional recommended claims of *Giorgini v. State*, *El-Ramly v. University of Hawaii*, *Le v. Hill*, *Morita v. Kapewa Iona et al.*, *Fogelstrom v. Kapewa Iona et al.*, and *Tuiasosopo v. State et al.*

Your Committee finds that the claims in this bill are legitimate state obligations and should be paid. As amended, the total appropriation for the claims is \$3,089,887.56. Your Committee notes that the Attorney General has a policy of advising the executive agencies with respect to avoiding claims such as these and will work with the agencies to assist in modification of procedures and policies to minimize the chance of repetition of similar claims.

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. 1582, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1582, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1137 Judiciary on H.B. No. 1587

The purpose of this bill is to require state identification cards to expire every five years and appropriate an unspecified amount to provide for an automated photo system.

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

Your Committee has replaced the contents of this bill with S.B. No. 1265, S.D. 1, which was heard and approved by this Committee. The key substantive change that is accomplished by this substitution is that the five-year expiration period in this bill is increased to six years. Otherwise, both bills are substantially similar, in that they both require state-issued identification cards to have an expiration date. Both measures require the expiration date for legal nonimmigrant's state identification cards to coincide with the expiration date on their Immigration and Naturalization Service departure card (I-94). Both bills also statutorily require all existing state identification cards, that have no expiration date, to expire on December 31, 1999. Finally, both measures appropriate an unspecified amount to purchase an updated photo system that will accommodate the increase in workload without an additional increase in staffing.

Hawaii is one of the few states that does not provide for an expiration date on the state-issued identification card. Recently, rising concern over the number of fraudulent state IDs have placed the validity of the cards in question. Requiring an expiration date will generate a greater sense of confidence and acceptance.

Currently, an individual can obtain a state-issued identification card that could be valid for their entire lifetime without ever having to update the information or photograph. Expiration dates will require individuals to renew their state-issued identification cards and provide current accurate data and a recent photograph which would give the identification card system integrity.

As indicated earlier, this measure has been amended to extend the expiration date of the ID cards from five years to six, as well as to provide a different purpose section.

The appropriation for the one-time purchase of a new automated photo system is to provide a higher quality ID card that is more tamper-proof and will reduce the waiting time for processing the cards. The fee schedule already provides adequate revenues to justify continuing the program and with the new equipment, additional staffing will not be necessary to accommodate the expected increase of processed ID cards. Your Committee has left the appropriation unspecified to encourage further discussion on the matter.

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. 1587, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1587, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1138 Judiciary on H.B. No. 1604

The purpose of this measure, as received by your Committee, is to implement a truth-in-sentencing initiative wherein violent felons serve at least 85 percent of their sentences before being eligible for parole.

Testimony regarding this measure was submitted by the Department of the Attorney General on behalf of the statewide law enforcement coalition of county chiefs of police and prosecutors. Testimony was also submitted by the Office of the Mayor of the City and County of Honolulu, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Department of the Prosecuting Attorney of the County of Maui, the Honolulu Police Department, Hawaii County Police Department, the Maui County Police Department, and various neighborhood and community board associations. These testifiers indicated their support for the concept of "truth-in-sentencing", but voiced their opposition to the limited provisions of this measure.

Additional testimony in support of this measure was received from the Hawaii State Commission on the Status of Women. The Department of Public Safety supported the intent of this measure. The Office of the Public Defender submitted comments regarding the ramifications of the changes proposed by this measure.

Your Committee finds that public outcry for criminal sentencing reform and concerns for public safety mandate immediate legislative action. Requiring that convicted persons who deserve prison sentences serve at least 85 percent of their term ensures that dangerous criminals are not released before they should be and thus, helps to restore the public's confidence in the criminal justice system.

Your Committee further finds that "truth-in-sentencing" reform will provide certainty of consequences for serious criminal behavior in a manner that conforms with recent federal mandates. In addition, it will provide discretion to judges in setting maximum sentences.

Your Committee agrees with the testimony in opposition to this measure, especially that which was submitted by all law enforcement agencies. Your Committee recognizes that the alarmingly high and increasing property crime rate is a compelling reason to impose more serious sentences with respect to these types of crimes. Criminal behavior must be viewed as a continuum, especially in light of the fact that crimes against property and persons are often linked to other criminal behavior, such as substance abuse and drug dealing.

Your Committee further concurs with testimony objecting to the exclusion of certain violent crimes from this measure, especially the offenses of sexual assault in the second and third degrees. While your Committee is painfully aware of the prison overcrowding crisis, we believe that a policy of providing certainty of consequences for limited classes of violent crimes, not only endangers public safety, but sends the wrong message to dangerous criminals as well.

In light of these concerns, your Committee has amended this measure by replacing its contents with the substance of the Senate version, S.B. 286 S.D. 2, which mandates the application of truth-in-sentencing to all felony offenders.

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. 1604, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1604, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Sakamoto).

SCRep. 1139 Judiciary on H.B. No. 1631

The purpose of this bill is to appropriate funds to the Criminal Injuries Compensation Fund for the purposes of compensating certain persons for injuries from a criminal act.

Testimony in support of this measure was received from the Criminal Injuries Compensation Commission, the Department of the Prosecuting Attorney of the City and County of Honolulu, and the Sex Abuse Treatment Center.

Your Committee finds that the Criminal Injuries Compensation Commission authorizes the compensation of crime victims for out-of-pocket medical expenses, lost earnings, funeral and burial expenses, and for pain and suffering as a result of their victimization. Your Committee further finds that while the compensation award does not replace the pain or loss suffered by the victim or victim's family, the financial assistance provided for counseling, hospital, or other medical bills often makes a critical difference in the psychological and emotional recovery of the victim.

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. 1631, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1140 Judiciary on H.B. No. 1634

The purpose of this bill is to allow the Hawaii Paroling Authority (HPA) to provide funds to inmates upon discharge that can be used by the inmates to meet their immediate needs.

Your Committee received testimony in support of this measure from the HPA.

According to the HPA, discretionary authority would prevent lawsuits in the future involving the issue of whether or not the HPA has the discretion to grant funds to inmates upon discharge. The amount of cash granted an inmate would include funds for clothing.

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. 1634, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1141 Judiciary on H.B. No. 1638

The purpose of this bill, as received by your Committee, allows the Director of Public Safety to hire up to 45 temporary exempt positions for the Correctional Industries Program in any fiscal year. This bill also requires the Department of Public Safety to submit a report on the following: inmate distribution among various corrections industry occupations; a statement of goods and services provided and revenues derived; and a listing of participating inmates who, upon release, find gainful employment or commit subsequent offenses.

Your Committee received testimony from the Department of Public Safety with suggested amendments.

Your Committee finds that the correctional industries program in the Department of Public Safety is a self-sustaining operation that provides inmates the opportunity to learn occupational skills and offer products for sale to government agencies and non-profit organizations. Your Committee further finds that correctional industries program staffing requires persons with technical expertise for

whom there may not be full-time employment because of the fluctuation in workload that is dictated by the demand for products. Thus, your Committee agrees that the Department of Public Safety should have the flexibility to hire these technical persons, when necessary, to maximize the opportunities for job training for the inmate population.

Upon further consideration, your Committee has amended this measure to allow the Department of Public Safety the flexibility to hire up to 60 exempt positions in a given fiscal year. Further, your Committee has deleted the reporting requirement outlined in this measure.

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. 1638, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1638, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 1142 Judiciary on H.B. No. 1087

The purpose of this bill, as received by your Committee, is to require persons sentenced for a term of imprisonment of up to one year as a condition of probation, misdemeanants or petty misdemeanants, to serve full-term. Further, this bill excludes any person from any furlough program, conditional release center, or similar program, unless prior court approval is obtained when prior approval is specifically required in the court's commitment order.

Testimony in support of this measure was submitted by the Judiciary.

Your Committee finds that this measure may significantly burden the already existing prison overcrowding situation. Your Committee further finds that by requiring probationers, misdemeanants, and petty misdemeanants to serve a full one year prison term, this measure conflicts with the concept of truth-in-sentencing, a proposal supported by your Committee. This measure applies to felons who serve up to a one year term as a condition of probation, yet under a truth-in-sentencing scheme, more serious felons may serve less than their full sentence.

Therefore, upon further consideration, your Committee has amended this bill by deleting its substance and substituting therefor a request from the Department of Public Safety for \$5,000,000 for fiscal year 1997-1998 for the transfer of 300 additional inmates to Texas. Your Committee believes this measure, as amended, will alleviate the overcrowded conditions that currently exist in Hawaii's correctional facilities and assist the Department of Public Safety in complying with the population restrictions imposed under the federal consent decree.

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. 1087, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1087, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Sakamoto).

SCRep. 1143 Judiciary on H.B. No. 1610

The purpose of this bill is to authorize state agencies to indemnify, defend, and hold harmless agencies of the federal government in order to receive aid, assistance, and other services available through the federal government.

Testimony in support of this measure was submitted by the Department of the Attorney General, the Department of Transportation, and the Department of Land and Natural Resources.

Your Committee finds that federal law often requires agencies of the United States government to be indemnified whenever they provide certain services or engage in various undertakings with the State. Without the statutory authority to indemnify agencies of the federal government, state agencies are often forced to cancel contracts or forgo the services that otherwise would be available through these agencies. For example, because of their inability to provide the proper guarantees, state agencies were unable to arrange for the continued operation of Hawaii's national parks during the recent federal budget crisis.

Your Committee has amended this bill by deleting the provision which limits the State's liability under any indemnity provision to the amount of insurance obtained by the State. According to the Attorney General, the cap on liability to the level of state insurance coverage was unacceptable to the federal government, and would consequently limit the effectiveness of this measure. Your Committee has further amended this bill by including a favorable review by the Department of the Attorney General as a precondition of the approval of any proposed indemnification.

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. 1610, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1610, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1144 (Joint) Human Resources and Economic Development on H.B. No. 1625

The purpose of this bill is to establish a Workforce Development Council (Council).

Your Committees received testimony in support of this bill from the Department of Labor and Industrial Relations, Department of Business, Economic Development, and Tourism, Department of Education, Department of Human Services, University of Hawaii,

Tourism Training Council, Hawaii Job Training Coordinating Council, Hawaii Job Service Employers Committee, State Apprenticeship Council, Commission on Employment and Human Resources, and State Council on Vocational Education.

This administration bill consolidates into the Council the Tourism Training Council, Job Training Coordinating Council, and the Job Service Employers Committee. Your Committees believe that this consolidation will result in a leaner, and more efficient and productive governmental function. There was considerable discussion on whether the Council should be required to carry out the functions of the Tourism Training Council, Job Training Coordinating Council, and the Job Service Employers Committee. The intent of your Committees is that the Council give ample consideration to these functions and undertake those that are feasible. The Council would also serve as a receptacle to receive federal block grants.

Your Committees have amended this bill to make technical, nonsubstantive amendments for clarity and style.

As affirmed by the records of votes of the members of your Committees on Human Resources and Economic Development that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1625, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1625, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 11. Noes, none. Excused, 5 (Fukunaga, Kawamoto, Matsunaga, Tanaka, Anderson).

SCRep. 1145 Commerce, Consumer Protection, and Information Technology on H.B. No. 30

The purpose of this bill is to establish an exemption procedure from the Hawaii Hurricane Relief Fund (HHRF) assessments for those insurers electing to provide policies of hurricane property insurance.

Your Committee received testimony in support of the bill from the Insurance Commissioner, HHRF, First Insurance Company of Hawaii, Ltd., and the Hawaii Insurers Council.

Your Committee heard testimony that the bill should be amended to allow insurers to opt out of the HHRF by line of business rather than the current "all or nothing" language of the bill. Clarifying amendments would allow the private market to continue to provide hurricane coverage in excess of the HHRF's coverage and allow the private market to selectively provide coverage in either the residential or commercial areas.

Your Committee concurs with the changes proposed and has amended the bill accordingly.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 30, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 30, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Kanno).

SCRep. 1146 Commerce, Consumer Protection, and Information Technology on H.B. No. 919

The purpose of this bill is to require the Hawaii Property Insurance Association, upon written request from a person who is or is attempting to become a mortgagor, to provide coverage for an amount not less than the amount of the mortgage obligation, but no greater than the value of the property being insured, provided that the amount does not exceed the limits of the plan.

Your Committee received testimony in support of this measure from the Insurance Commissioner.

Your Committee supports alternative means to reduce homeowners' premiums and provide homeowners with the ability to elect to purchase or renew property insurance which replaces the actual cash value of the dwelling on the remaining mortgage.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 919 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Kanno).

SCRep. 1147 Commerce, Consumer Protection, and Information Technology on H.B. No. 260

The purpose of this bill is to repeal section 431:3-211, Hawaii Revised Statutes, that prohibits a credit to any insurer, as an asset or as a deduction from liability, for reinsurance ceded to an alien insurer.

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

Your Committee finds that this provision is no longer necessary with the adoption of Article 4A of the Insurance Code, relating to Credit for Reinsurance.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 260 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Kanno).

SCRep. 1148 Commerce, Consumer Protection, and Information Technology on H.B. No. 369

The purpose of this bill is to exempt foreign and alien insurers licensed to transact business in this State that assumes any portion of the risk of another insurer from the State general agent requirements.

Your Committee received testimony in support of this measure from the Insurance Commissioner.

Your Committee finds that one of the purposes of insurance is to protect consumers by ensuring that the State has sufficient oversight over entities conducting insurance transactions. Because consumers of reinsurance are, in fact, insurance companies themselves, they should have sufficient expertise and knowledge to deal with reinsurance without the need for a general agent.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 369 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Kanno).

SCRep. 1149 Commerce, Consumer Protection, and Information Technology on H.B. No. 1675

The purpose of this bill is to establish license requirements and a licensing board for hoisting machine operators, within the Department of Labor and Industrial Relations (DLIR).

Your Committee received written testimony in support of this measure from the Hawaii Operating Engineers Industry Stabilization Fund. Testimony in opposition was received from the Building Industry Association of Hawaii. The DLIR submitted comments and an amendment.

Your Committee previously held a public hearing on S.B. No. 398, a similar measure.

Your Committee finds that the issue of licensing hoisting machine operators is chiefly one of safety for both the industry workforce and the general public. In this regard, your Committee is in agreement that appropriate safety regulation can best be accomplished by DLIR, and has amended this bill to:

- (1) Amend section 396-4(a), Hawaii Revised Statutes, to require DLIR to regulate crane and other hoisting machines and their operators; and
- (2) Require DLIR to adopt, within one year, rules regulating crane and other hoisting machines and their operators, with the advice of the industry.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1675, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1675, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chun Oakland, Slom).

SCRep. 1150 Commerce, Consumer Protection, and Information Technology on H.B. No. 1866

The purpose of this bill is to:

- (1) Allow insurance companies to utilize the low-income housing tax credits to offset insurance premium taxes;
- (2) Require authorized insurers to file annual and quarterly tax statements of total business transacted and the amount of gross premiums received, and to establish fines for failing to pay the same;
- (3) Require insurers to pay an unspecified insurance premium tax on premiums received for annuity insurance policies;
- (4) Establish a 2.75 percent tax for life insurance and a 4.265 percent tax for accident and sickness insurance for surplus lines insurance;
- (5) Increase the interest due on delinquent taxes from ten percent to twelve percent per year;
- (6) Change the penalty for failure of a surplus lines broker to file a statement or remit taxes due from \$25 per day to \$500 or ten percent of the tax due, whichever is greater, plus interest of twelve percent per year; and
- (7) Establish a penalty for unauthorized insurers who fail to pay the premium tax on time the same as that for surplus lines brokers who fail to file.

Your Committee received written testimony in support of this measure from the Insurance Commissioner. Testimony in support of the low-income housing tax credit was received from the Housing Finance Development Corporation (HFDC), the City and County of Honolulu Department of Housing and Community Development, the Hawaii Island Community Development Corporation, and Coastal Rim Properties, Inc. Testimony in support of the quarterly filing of tax statements was received from State Farm Insurance Companies. Testimony in opposition to taxing annuities was received from the Hawaii State Association of Life Underwriters, the

American Council of Life Insurance, and the Hawaii Association of Domestic Life Insurers. The Department of Budget and Finance submitted recommended amendments and the Tax Foundation of Hawaii submitted comments.

Your Committee previously held a public hearing on S.B. No. 1500 that is a companion to this measure.

Your Committee finds that the proposed amendment to allow insurance companies to utilize low-income housing tax credits will not increase the amount of tax credits provided by the State. By allowing insurance companies to use the tax credits, it is anticipated that the increased demand for these credits may result in investors paying a higher price for the credits. This higher price, in turn, would result in the HFDC having to award less tax credits to a low-income rental project and would therefore stretch the credits further and provide an increased amount of low-income rental units. Your Committee also finds that the responsibility of verifying the low-income credit qualification and amount will be the responsibility of HFDC under current law.

Your Committee has noted in its response to S.B. No. 1500 that in regard to the taxation of annuities, life and health insurance annuities are widely recognized as economic and social necessities in order to provide guaranteed retirement income. Your Committee believes it is not in the best interest of Hawaii's citizens to tax these annuities, and has amended the bill by deleting this provision. Your Committee has made technical, nonsubstantive amendments to conform this measure with S.B. No. 1500, S.D. 1, heard earlier by this Committee.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1866, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1866, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chun Oakland, Slom).

SCRep. 1151 (Joint/Majority) Economic Development and Education on H.B. No. 819

The purpose of this bill is to appropriate \$1 to the University of Hawaii to fund a workshop for the conceptual design and construction of an ocean floating all-natural clean energy power station.

Your Committees received testimony in support of this measure from the University of Hawaii, School of Ocean and Earth Science and Technology, the Consulting Engineers Council of Hawaii, Parsons Brinckerhoff Quade & Douglas, Inc., the Honolulu Japanese Chamber of Commerce, and a private citizen.

Your Committees find that the proposed conceptual design of a clean energy power station will provide a forum for valuable interaction in the development of alternate energy sources, and will help to place Hawaii at the forefront in alternate energy research. It will also provide important long-term economic benefits and reduce the State's heavy dependence on fossil fuels.

Your Committees note that the University of Hawaii indicated in its testimony that there has been a very strong show of interest in this special ocean summit ranging from local concerns, the federal government, major national corporations, and equivalent organizations from Japan, Korea, Australia, and the European Community.

Your Committees have amended this measure by deleting all existing language and substituting the contents of S.B. No. 724, S.D. 1, the Senate companion bill, which appropriates \$50,000 for the workshop and requires matching funds in an equal amount from private sources or international governments, or both.

As affirmed by the records of votes of the members of your Committees on Economic Development and Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 819, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 819, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 7. Noes, 1 (Ige, M.). Excused, 7 (Bunda, Chumbley, Fernandes Salling, Ige, D., Iwase, Kawamoto, Metcalf).

SCRep. 1152 Health and Environment on H.B. No. 126

The purpose of this bill is to assure continued high standards of water quality in the State's streams and coastal waters by appropriating funds for water quality monitoring.

Your Committee received testimony in support of this bill from the Sierra Club, Hawai'i Chapter. The Department of Health also submitted testimony indicating its support of the intent of this bill with funding reservations.

Your Committee has amended this bill by deleting the stated dollar amount and leaving it blank.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 126, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 126, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, none.

SCRep. 1153 Health and Environment on H.B. No. 631

The purpose of this bill is to provide for health care decisions to be made by a legal surrogate under certain circumstances.

Your Committee heard testimony in favor of this bill submitted by the Hawaii Catholic Conference, Palolo Chinese Home, and four concerned citizens. Testimony supporting this bill and recommending specific amendments was submitted by the Director of Human Services, Guardianship Task Force, Hawaii Right to Life, eight health care organizations, and five concerned citizens. The Protection and Advocacy Agency of Hawaii, Kaiser Permanente, Christian Voice of Hawaii, and two concerned citizens submitted testimony opposing the measure. The Executive Office on Aging and Oahu Alliance for the Mentally Ill (OAMI) submitted testimony recommending several specific amendments if your Committee decided to pass this bill.

After considering the testimony and merits of this measure, your Committee incorporated some of the specific comments and recommendations from the Executive Office on Aging, OAMI, and Kaiser Permanente, to address the concerns raised by many of the testifiers. Your Committee agrees with the vast majority of the Testifiers that a surrogate decision-making measure is needed in order to efficiently provide health care decisions for incapacitated persons.

Your Committee amended this bill by:

- (1) Changing the third criteria for application of the bill to a resident who has not executed a health care directive for health care decisions which addresses the specific health care decisions presented, at that time, to or by the facility or health care provider;
- (2) Deleting the definition of "advisor";
- (3) Requiring a second opinion with respect to the capacity of a resident from a physician not affiliated with the health care facility caring for the resident;
- (4) Deleting the existing surrogate selection provisions and replacing them with a new selection of surrogate section which provides for unanimous consent of all available family members;
- (5) Clarifying the provision which allows guardianship to be sought if any family member objects to the designation of a surrogate;
- (6) Prohibiting all owners, operators, and employees of the health care institution at which the resident is receiving care from serving as a surrogate;
- (7) Deleting the termination of the surrogate's decision-making authority upon discharge of the resident;
- (8) Removing separate reference to "close personal friends" from those persons authorized to review a surrogate's decisions since they already are included in the definition of "members of family";
- (9) Adding a prohibition against making decisions which abrogate section 327D-21;
- (10) Deleting the requirement that supervising health care professionals communicate the identity of the surrogate and the surrogate's decision to the resident prior to implementing that decision since, by definition, the resident would be without capacity at that time;
- (11) Deleting the provisions pertaining to a health care provider's refusal to comply with a surrogate's decision and replacing it with a provision allowing for transfer of the resident to another facility or health care provider;
- (12) Adding termination to the health care directive, designation, and disqualification, as the type of actions applicable to the provisions concerning the health care provider's obligations, capacity of the resident, and advance health care directives;
- (13) Increasing the number of members on the surrogate decision-making committee to not less than five and no more than nine members;
- (14) Adding a law school professor or attorney practicing in the area of elder law to the list of persons who should be considered for committee membership;
- (15) Expanding the purpose of the committee to include an examination of reform that could simplify the guardianship appointment process, incorporating surrogate decision-making, and increasing protections for incapacitated persons;
- (16) Replacing the term "patient" with the term "resident" throughout the measure;
- (17) Adding a new section limiting the applicability of the new part to circumstances in which there is no person with the authority to make appropriate medical decisions for an incapacitated person pursuant to a guardianship, living will, or durable power of attorney, or if a person with that authority is unavailable; and
- (18) Making technical, nonsubstantive changes for clarity, grammar, and style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 631, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 631, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

The purpose of this bill is to facilitate the further development of Campbell Industrial Park without exceeding the current air emissions ceiling established under federal Environmental Protection Agency standards.

The bill proposes to accomplish this by requiring the Department of Health to review and assess the feasibility of establishing an emissions reduction credit banking and trading program, whereby a company may utilize the unused capacity of another company's air emissions permit to meet emissions standards.

Supportive testimony was received from the Western States Petroleum Association, the Department of Health, and Hawaiian Electric Company, Inc. The Sierra Club, Hawaii Chapter submitted testimony in opposition to the bill.

In its testimony opposing the bill, the Sierra Club, Hawaii Chapter, indicated that existing law already provides for a financial incentive for industries to reduce their air pollution. Facilities are assessed a fee based on their annual emissions. By requesting that their permit contain lower emission limits, industry can lower their annual fee.

According to the Sierra Club, there is a "loophole" in the law that provides no financial incentive for a facility to reduce its emissions. This "loophole" is contained in section 342B-29(c), Hawaii Revised Statutes (HRS), which states in pertinent part, "A covered source shall not be assessed for emissions of a regulated air pollutant in excess of four thousand tons per year." Currently, facilities are assessed a fee of not less than \$25 per ton per year for emitting air pollutants. However, under this provision, a facility emitting air pollutants in excess of 4,000 tons per year, will not be assessed the emissions fee for the portion of their emissions that exceed 4,000 tons in that year.

The Sierra Club suggested that the removal of this provision would provide for the improvement of air quality.

After considering the merits of the measure and the testimonies received, your Committee has amended the bill by replacing its entire contents. Specifically, the bill was amended by replacing, with an unspecified amount, the ceiling of 4,000 tons per year, on air emissions fees.

The intent of this amendment is to close the "loophole" contained in section 342B-29(c), HRS, by removing the ceiling on air emissions fees, thereby allowing for the assessment of fees on emissions that exceed the current ceiling but are not presently being assessed. Your Committee believes that this amendment will provide a financial incentive for facilities to reduce their air pollutant emissions. This would also have the effect of encouraging facilities to conserve resources.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1210, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1210, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1155 Health and Environment on H.B. No. 1218

The purpose of this bill is to require the Department of Health to make recommendations on fees that should be imposed or revenues that should be collected to help finance the water quality programs.

Your Committee heard testimony in favor of this bill submitted by Hawaiian Electric Company, Inc. The Director of Health submitted testimony supporting the intent of this bill with reservations.

After considering the testimony and merits of this measure, your Committee concluded that the Department of Health should also address the problem of improving the water quality of water catchment systems through affordable means. Your Committee believes that a non-regulatory program would be appropriate for that purpose to maximize flexibility and minimize delays in the program.

Your Committee amended this bill by requiring the Department of Health to develop a non-regulatory program to improve the water quality of water catchment systems through affordable methods for persons relying on those systems. Your Committee has also made a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1218, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1218, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1156 Health and Environment on H.B. No. 1243

The purpose of this bill is to authorize the Department of health to establish positions for a toxicologist and an air quality modeler, and authorize funding for those positions from the environmental response revolving fund and clean air special fund, respectively.

Your Committee heard testimony in favor of this bill submitted by the Director of Health, Hawaiian Electric Company, Inc., Western States Petroleum Association, and Sierra Club, Hawaii Chapter. The Director of Budget and Finance submitted testimony recommending amendments for purposes of flexibility.

After considering the testimony and merits of this measure, your Committee agreed with the Director of Budget and Finance that specifying salaries in statute obstructs flexibility of the Department of Health to adjust to changes in hiring needs.

Your Committee amended this bill by deleting references to salary and benefits for the positions and by providing for more than one position for each category of employee to maximize the Department's hiring flexibility to correspond to its staffing needs.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1243, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1243, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 1157 Health and Environment on H.B. No. 1246

The purpose of this bill is to inform communities about the emission of criteria air pollutants by requiring:

- (1) Companies that emit criteria air pollutants in excess of 100 tons per year in a major industrial area to submit a report to the Department of Health (DOH) that describes the types, quantities, and potential impacts of criteria air pollutants being emitted, and procedures being used to control the emission of these pollutants;
- (2) The DOH to consolidate the information and include:
 - (A) A summary of the data collected;
 - (B) A comparison of the data against state and federal air quality standards; and
 - (C) A report on emerging trends;and
- (3) The DOH to distribute the reports to the neighborhood boards and community associations representing residents within a three-mile radius of the emission source.

Testimony in support of the intent of the bill was received from the Department of Health, Hawaiian Electric Company, Inc., and the Hawaii Agriculture Research Center.

The DOH stated in its testimony that all major facilities are already required to report to the DOH the total amount of criteria air pollutants emitted for the past calendar year. This information can be easily obtained from the DOH at which time an explanation can be provided, and any questions answered on the facility or the air program. Since the information is quite technical and can be confusing to the average person, rather than disseminating the information, the interested party should contact the DOH so that the information and the program can be explained.

The Sierra Club noted that much of this information is available in the annual report presently required to be compiled by section 342B-7, Hawaii Revised Statutes.

The Hawaii Agriculture Research Center indicated that it did not believe the annual report would address the concerns of the affected communities. The Hawaii Agriculture Research Center suggested that the affected communities would be more interested in accidental releases into neighboring areas.

Your Committee agrees with the assessment of the testifiers and has therefore amended the bill by replacing its entire contents. Specifically, as amended, the bill would require the DOH to include in its annual report, a summary of all unplanned releases of criteria pollutants.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1246, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1246, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1158 Health and Environment on H.B. No. 1247

The purpose of this bill is to increase the penalties for violations of water pollution and hazardous waste laws by, among other things, increasing the maximum fine for certain violations from \$10,000 to \$25,000.

This bill will make state law consistent with federal law.

The Department of Health, Democratic Party of Hawaii, and Sierra Club, Hawai'i Chapter, submitted testimony in support of the bill. They indicated that stiff fines would help protect Hawaii's water and deter the deposit of hazardous waste in it.

Hawaii Agriculture Research Center (HARC) and the Construction Industry Legislative Organization, Inc. (CILO) opposed the bill. CILO contended that the proposed increase of fines is objectionable because each day of each violation constitutes a separate violation, which can make a single incident a heavy burden on a small construction company. HARC noted that the maximum penalty of \$10,000 per day for a certain act of violation is already an effective punishment and deterrent. HARC suggested, instead of increasing fines, better enforcement should be made on "midnight dumpers" who recognize that they violate state laws but are rarely caught.

After weighing the merits of the testimony, your Committee finds that this bill deserves passage.

As affirmed by the record of votes of the members of your Committee on Health and Environment 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 Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1159 Health and Environment on H.B. No. 1819

The purpose of this bill is to clarify requirements for dispensing and refilling prescriptions and prescription drug labeling. This bill also provides that refill prescription requirements apply only to pharmacies in the State.

The Department of Health and Kaiser Permanente submitted testimony in support of this bill. The Department of Health indicated that this bill would help to ensure that the consumer is provided with enough information to take a drug as directed by the physician. Kaiser Permanente indicated that this bill would give its members an additional thirty days supply of medication which would allow enough time for them to arrange for their physician appointments and obtain renewals for their chronic medications.

After careful review of the proposal, your Committee has amended the bill by:

- (1) Removing the provision which provides that prescription refills shall apply only to pharmacies in the State; and
- (2) Specifying that prescription drugs can be dispensed only if its label states the number of refills allowed, rather than available.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1819, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1819, H.D. 1, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1160 Health and Environment on H.B. No. 1838

The purpose of this bill is to establish a voluntary response program which provides limited immunity from environmental clean up liability to developers, lenders, potential property purchasers, and potentially responsible parties who clean up contaminated properties voluntarily pursuant to a remediation plan approved by the Department of Health.

Your Committee heard testimony in favor of this bill submitted by the Director of Health, Western States Petroleum Association, Chamber of Commerce Hawaii, Bank of Hawaii, Myers Corporation, Land Use Research Foundation of Hawaii, and Schuler Homes, Inc. Testimony against this bill was submitted by Hawaii's Thousand Friends. The Sierra Club, Hawaii Chapter, submitted testimony indicating support for the measure and recommending several amendments.

After considering the testimony and merits of this measure, your Committee believes that this bill will encourage developers, prospective purchasers, lenders, and potentially responsible parties to clean up moderately contaminated properties and place them into productive use. Given the harsh economic climate of the times, the State cannot afford to permit contaminated properties to lie fallow when potential productive use of those properties is possible with cooperation from the private sector. Your Committee agrees with the Sierra Club that a complete immunity from liability for lenders would be inappropriate at this time and amended the definition of "owner" or "operator" in section 128D-1, Hawaii Revised Statutes (HRS), to address that concern. Your Committee believes that the Department of Health should be provided the discretion to expand a lender's exposure to clean up liability if circumstances warrant that action.

Additionally, your Committee also believes that the severe adverse health effects of lead contamination and poisoning compel close supervision and regulation of matters pertaining to lead abatement. Consequently, there is a need to include lead abatement practices and training programs within the rulemaking authority of the Department of Health to ensure that sound and safe abatement practices will be followed.

Your Committee amended this bill by:

- (1) Giving the Department of Health the authority to adopt rules which expand the liability of lenders;
- (2) Amending section 321-13, HRS, to include lead abatement practices and training programs within the rulemaking authority of the Department of Health; and
- (3) Making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1838, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1838, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 1161 Health and Environment on H.B. No. 1841

The purpose of this bill is to streamline the State Health Planning and Development Agency (SHPDA) functions and allow SHPDA to evolve from one that is designed for a fee-for-service health care environment to one that is adaptable to a managed care environment.

Specifically, the bill proposes to, among other things:

- (1) Establish a definition of "primary care clinic" to mean clinics providing all preventive and routine health care services, management of chronic diseases, consultation with specialists when necessary, and coordination of care across health care settings;
- (2) Remove the laundry list of specific facilities that are included in the definition of "organized ambulatory health care facility", thereby allowing SHPDA to differentiate between the private practice of medicine and organized ambulatory health care facilities;
- (3) Delete the requirement that SHPDA prepare and execute an annual implementation plan that guides SHPDA in achieving the system of care envisioned in the State Health Services and Facilities Plan;
- (4) Specify that SHPDA has as a principal function, the responsibility for promoting accessibility for all people of the State to quality health care services at reasonable cost;
- (5) Clarify the kind of information that providers of health care are required to provide SHPDA;
- (6) Require SHPDA to publish in a newspaper of general circulation, a legal notice of the administrative review of applications received by SHPDA;
- (7) Allow interested persons to request a public meeting before SHPDA renders its decision on applications;
- (8) Reduce from thirty days to ten working days, the amount of time a person may request SHPDA to reconsider its decision;
- (9) Establish a fine of up to \$2,000 for any one who violates the requirements for a Certificate of Need; and
- (10) Expand the exemptions from the requirement for Certificates of Need.

Your Committee received numerous testimonies supporting the bill. Some of the testimony received by your Committee include: the Hawaii Medical Service Association, Kaiser Permanente Medical Care Program, the Queen's Health Systems, the Healthcare Association of Hawaii, the Hawaii State Primary Care Association, Hawaii Nurses' Association, the Hawaii Government Employees Association, the State Health Planning and Development Agency, Kapiolani Health, Straub Clinic and Hospital, the Rehabilitation Hospital of the Pacific, and the St. Francis Healthcare System of Hawaii.

Testimony indicated that the cost control functions of SHPDA were originally assigned when SHPDA was first created by the federal government in response to rising Medicare costs. At that time, providers were reimbursed by Medicare on a "cost plus" basis. Assured of adequate reimbursement, providers were able to add services that might otherwise not have been cost effective. When Medicare moved to a flat reimbursement rate for "diagnostic related groups", the federal government removed its requirement for state health planning and development agencies. Some states, including Hawaii, decided to continue the agencies with state funds.

Since that time, the health care delivery system has undergone considerable change. "Coordinated care" controls utilization through a "gatekeeper" physician responsible for providing primary care services and arranging for specialist and inpatient care as appropriate.

Another trend is the building of networks with the capacity to deliver the full continuum of health care services. This trend began with health maintenance organizations which provide insurance plans and arrange for direct delivery of health care services. "Preferred provider" networks have been created by insurers who are able to offer providers patient volume in return for discounts. A more recent trend is "provider sponsored networks" where providers cooperate together to market their services directly to employers, as well as Medicare and Medicaid.

Capitation of providers who deliver health care services is another growing factor. Providers are paid a set fee per enrollee, a strong disincentive to providing unnecessary services. These trends have helped to limit traditional fee-for-service costs.

An even more recent phenomenon has been the creation of large national chains of providers that control costs through the economy of scale of their operations.

In light of these changes, your Committee feels that it is appropriate to shift SHPDA's focus from cost control to access. This is especially important for the rural areas of Oahu and the neighbor islands where smaller populations limit marketplace competition.

Your Committee notes that concerns have been expressed that certain provisions of the bill could possibly adversely impact the operations of some existing health care facilities. It is not your Committee's intent to circumvent the Certificate of Need process. Therefore, your Committee has amended the bill to address this concern.

After carefully considering the merits of the measure and the testimonies received, your Committee has amended the bill by:

- (1) Clarifying that primary care clinics are limited to clinics for outpatient services, and do not include health care facilities such as hospitals, that provide inpatient health care services. Your Committee believes that this amendment addresses the concerns that were expressed regarding the possible adverse impact this bill could have on the operations of some of the existing health care facilities; and
- (2) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1841, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1841, H.D. 3, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1162 Health and Environment on H.B. No. 1843

The purpose of this bill is to promote water pollution prevention and control by financing county and state eligible projects consistent with applicable federal and state laws. This financing is intended to occur through a:

- (1) Revolving fund loan program that makes loans to county and state agencies at or below market rates; and
- (2) Leveraging program that uses revenue bonds and revolving fund loan programs together in a coordinated manner that does not cause the state debt ceiling to be exceeded.

Specifically, the bill would, among other things:

- (1) Specify that the purpose of the Water Pollution Control Revolving Fund (Fund) is to provide financial assistance to county and state agencies for projects or activities to:
 - (A) Plan, design, and construct publicly owned wastewater treatment works;
 - (B) Implement management programs established under federal laws; and
 - (C) Implement conservation and management plans established under federal laws;
- (2) Specify how the moneys in the Fund may be used;
- (3) Specify the kinds of moneys that may be deposited into the Fund;
- (4) Establish conditions on projects receiving water pollution control financing;
- (5) Authorize the issuance of revenue bonds in amounts not exceeding \$250,000,000; and
- (6) Require that the revenue bonds be payable and secured by the revenues derived from the benefits of the Water Pollution Control Loan Program.

Testimony in support of the measure was received from the Department of Health and the Sierra Club, Hawaii Chapter.

The Department of Health indicated in its testimony that since the Fund was established, the State has received about \$80,000,000 in federal funds. These funds, together with the 20 percent state matching funds, have enabled the State to issue over \$152,000,000 in low interest loans to the counties for the construction of necessary wastewater facilities. In 1995, federal funding of the program was terminated, thereby making future funding uncertain. However, the State's wastewater needs continue to grow and are presently projected to exceed \$800,000,000 over the next six years.

Your Committee believes that this bill would enhance the program's ability to provide expanded and timely funding to the counties by allowing the leveraging of existing moneys in the Fund with the issuance of revenue bonds. Additionally, this proposed financing program would be fiscally self-sufficient, thereby ensuring that the State debt ceiling will not be exceeded.

After considering the merits of the measure and the testimonies received, your Committee has amended the bill by:

- (1) Specifying that the requirement, that specific steps be taken to reduce polluted runoff through educational and regulatory programs, is imposed on the counties and not necessarily the specific agency. This change has been made because the specific county agency that receives these funds may not be the agency responsible for educational and regulatory programs intended to reduce polluted runoff; and
- (2) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1843, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1843, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1163 Health and Environment on H.B. No. 1965

The purpose of this bill is to prevent alien aquatic organisms from being introduced or becoming established in the State's marine environment by, among other things, authorizing the Department of Land and Natural Resources to inspect all incoming vessels prior to entering state marine waters.

Your Committee heard testimony in favor of this bill submitted by the American Fisheries Society-Hawaii Chapter. Testimony opposing this bill was submitted by the Matson Navigation Company, BOATS/HAWAII Inc., Paradise Cruise, Ltd., and Chamber of

Commerce of Hawaii. The Chairperson of the Board of Land and Natural Resources submitted testimony supporting the intent and purpose of the bill but expressed the belief that considerable additional time and effort was needed to develop a sensible strategy for addressing the issues presented by alien aquatic organisms. The United States Coast Guard submitted testimony outlining the ongoing efforts to prevent the spread of aquatic nuisance species at the national level.

After considering the testimony and merits of this measure, your Committee concurred with the Chairperson of the Board of Land and Natural Resources and believes that additional preliminary discussion and investigation need to be conducted by the various interested parties before a workable solution can be presented.

Your Committee amended this bill by deleting the contents of the bill and replacing it with a directive to the Chairperson of the Board of Land and Natural Resources to establish a task force to develop a comprehensive plan to address the issues posed by the introduction of alien aquatic organisms into Hawaiian waters. The task force is required to report its findings and recommendations to the Legislature no later than twenty days prior to the convening of the 1998 Regular Session, and will cease to exist on June 30, 1998.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1965, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1965, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1164 Human Resources on H.B. No. 1619

The purpose of this bill is to require that sums deferred under state deferred compensation plans be held in trust for the exclusive benefit of participants and their beneficiaries.

Your Committee received testimony in support of this bill from the Department of Human Resources Development and the Hawaii State Teachers Association.

Your Committee finds that this bill will protect funds from general creditors should the State or counties file for bankruptcy. Furthermore, this bill will bring the State's deferred compensation plans into line with new federal requirements.

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

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1619, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1619, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 1165 Health and Environment on H.B. No. 2019

The purpose of this bill is to appropriate funds from the Environmental Management Special Fund to revise the State Integrated Solid Waste Management Plan.

The Department of Health (DOH) submitted testimony in support of the bill.

In its testimony, the DOH stated that the Integrated Solid Waste Management Plan (Plan) is the primary document guiding the State and the several counties in the development of solid waste management policy. The current Plan was developed in 1991, concurrent with the establishment of the Office of Solid Waste Management (Office). The Plan was developed as a guidance document from which the county integrated solid waste management plans were developed. The legislation that established the Office directs the Office to revise the Plan periodically. The first revision was due within six months of the final approval of the county plans, which were completed in 1995. However, due to staff and resource limitations, the DOH was not able to undertake the revision, and its completion is now overdue.

The DOH further stated that a revised Plan that:

- (1) Assesses present recycling developments and industry growth; and
- (2) Reflects technological advances in recycling and solid waste management;

is needed to guide sound environmental and economic decisionmaking. A revision of the Plan will allow the State and counties to continue to reduce economic and environmental costs associated with traditional solid waste management through recycling and waste minimization.

Additionally, the DOH stated that the Office has been working with the various county Public Works Departments to develop regulations that provide the necessary controls over inert fill sites and restrict improper handling of materials that could impact health, safety, and the environment. Operations with county grading permits that meet current statutory requirements often receive and bury materials that may make the property structurally inappropriate. Materials such as vegetative waste, protruding rebar, and lumber can result in unstable conditions and a poor structural base for development. Also, vegetative material and municipal solid waste can generate methane, which may cause underground fires and ground and surface water contamination.

Therefore, the DOH requested that the bill be amended by amending the definitions of "inert fill material" and "solid waste" to address these concerns.

After considering the merits of the measure and the testimony received, your Committee has amended the bill by amending the definitions of "inert fill material" and "solid waste" to address the concerns expressed by the DOH, and by deleting the purpose section as no longer covering the contents of the bill.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2019, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2019, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, none.

SCRep. 1166 Health and Environment on H.B. No. 2137

The purpose of this bill is to require the publication of notice in the Office of Environmental Quality Control Bulletin of all special management area permit applications.

The Office of Environmental Quality Control (Office) and Sierra Club, Hawai'i Chapter, expressed their support of the bill. However, they suggested that the language of the bill be more explicit. Hawaii's Thousand Friends also voiced its support; contending that the bill would increase the public's awareness about issues concerning Hawaii's coastal areas.

The County of Maui Planning Department, County of Hawaii Planning Department, City of Honolulu Department of Land Utilization, and the Department of Business, Economic Development & Tourism expressed opposition to the bill in its present form.

After reviewing the merits of the bill and the testimonies aforementioned, your Committee has amended the bill by requiring the county planning commission, county council, or body designated by the council, to notify the Office within thirty days after receiving an application for a special management area permit and submit a notice to the Office for publication in the Office's periodic bulletin.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2137, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2137, H.D. 1, S.D. 1, and be referred to the Committee on Water, Land, and Hawaiian Affairs.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, none.

SCRep. 1167 Health and Environment on H.B. No. 2232

The purpose of this bill is to monitor the emissions of air pollution sources throughout the State by appropriating \$56,000 to the Department of Health (DOH) to:

- (1) Review and evaluate the operations and the adequacy of the air pollution control equipment for all major sources in Campbell Industrial Park and Kahe Point; and
- (2) Determine if an air quality problem exists and what action, if any, can best address the problem.

Your Committee received testimony in support of the bill from the DOH, the Hawaiian Electric Company, and the Ogden Energy Group, Inc.

Your Committee finds that the evaluations called for in the study are currently performed by the department through its air permitting process, and further feels that in the current fiscal climate, it is more prudent to appropriate funds to address air quality issues at Campbell Industrial Park from the Clean Air Special Fund, rather than from the general fund.

Your Committee has therefore amended this bill by replacing the substantive contents of this bill with language that appropriates \$50,000 out of the Clean Air Special Fund for the DOH to contract for the services of a compliance coordinator whose primary duty would be to communicate data regarding compliance with emission standards at the Campbell Industrial Park, and also to facilitate communication between government agencies, industry groups, and neighboring communities with respect to environmental issues at Campbell Industrial Park. It is your Committee's intent that the contracted compliance coordinator would also serve areas statewide other than Campbell Industrial Park as the DOH deems necessary.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2232, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2232, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, none.

SCRep. 1168 Education on H.B. No. 129

The purpose of this bill is to statutorily establish the Parent-Community Networking Centers (PCNC) program and to clarify its goals and objectives.

Your Committee received testimony supporting this measure from the Office of Hawaiian Affairs and the Hawaii Congress of Parents, Teachers, and Students. Testimony supporting this bill with funding reservations was received from the Department of Education.

Your Committee finds that research overwhelmingly supports the concept that parent involvement and participation in their children's education benefits the children, the school, and the community.

Your Committee further finds that PCNCs provide training in community development partnering with other agencies, getting parents involved in the education of their children, and coordinating parenting classes.

Your Committee amended this bill by deleting its contents and inserting an appropriation of \$2,154,500 in fiscal years 1997-1998 and 1998-1999 to expand PCNCs to all schools, to provide full funding to unfunded PCNC schools, to provide two district level full-time facilitators for Kauai and Maui, and to provide one full-time State resource teacher.

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. 129, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 129, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Ige, D., Metcalf).

SCRep. 1169 (Majority) Education on H.B. No. 248

The purposes of this bill are to:

- (1) Establish the Kauiokahaloa Iki faculty housing development special fund into which all revenues received from the rental or sale of the project shall be deposited;
- (2) Exempt the Kauiokahaloa Iki faculty housing development special fund from the payment of central services and administrative expenses required of most special funds;
- (3) Permit the Board of Regents to issue revenue bonds not to exceed \$3,600,000 for the purpose of repaying its outstanding construction loan to the Housing Finance and Development Corporation;
- (4) Appropriate \$612,442 in fiscal year 1997-1998 and \$540,442 in fiscal year 1998-1999, from the Kauiokahaloa Iki faculty housing development special fund for operation, repair, and maintenance of the "for sale" units of the faculty housing development; and
- (5) Appropriate the shortages from the housing assistance revolving fund if the Kauiokahaloa Iki faculty housing development special fund level is inadequate.

Your Committee received testimony supporting this measure from the University of Hawaii.

Your Committee finds that the revenue bonds will be used to satisfy the University's indebtedness to the Housing Finance and Development Corporation.

Your Committee further finds that the revenue bonds will be secured solely by the revenues of the University's Kauiokahaloa Iki faculty housing project or pledged assets and will not constitute a State liability.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 248, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Ige, M.). Excused, 2 (Ige, D., Metcalf).

SCRep. 1170 Education on H.B. No. 998

The purposes of this bill are to:

- (1) Convert fifteen full-time temporary athletic health care specialist positions within the Department of Education to permanent status;
- (2) Require that athletic health care specialists in the Department of Education possess certification by the National Athletic Trainers Association, Board of Certification; and
- (3) Exempt incumbent athletic health care specialists from the minimum qualification requirements.

Your Committee received testimony supporting this measure from the Department of Human Resources Development, the Hawaii Medical Association, the Hawaii State Teachers Association, the Hawaii Government Employees Association, the Department of Education, three certified athletic trainers, Waipahu High School, the Athletic Director of Waipahu High School, eleven parents, and one concerned citizen.

Your Committee finds that athletic health care specialists provide valuable services to student athletes. In addition to treating field injuries, athletic health care specialists identify student medical problems early on to prevent further injury to the student by the initiation of the appropriate process of evaluation, treatment, and rehabilitation.

Your Committee amended this bill by adding appropriations for:

- (1) Establishing athletic health care specialist positions in each of the school complexes;

- (2) Twenty-five full-time athletic health care specialist positions in the public schools; and
- (3) Thirty-eight temporary full-time athletic health care specialist positions for public high schools.

Your Committee also made changes to the purpose section to reflect the amendments.

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. 998, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 998, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Ige, D., Metcalf).

SCRep. 1171 Education on H.B. No. 1012

The purpose of this bill is to authorize a superintendent's representative to approve the exclusion of a child from school for up to ninety-two school days for the possession of a dangerous weapon, switchblade knife, intoxicating liquor, or illicit drugs while attending school. Additionally, the bill makes the duty of the superintendent to refer an excluded student for appropriate intervention and treatment services discretionary.

Your Committee received testimony supporting this measure from the Department of Education and the Hawaii State Teachers Association.

Your Committee finds that school safety is a major concern for parents, students, teachers, and school administrators. Streamlining the process of removing school problems would be in everyone's best interest.

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. 1012 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Ige, D., Metcalf).

SCRep. 1172 Education on H.B. No. 1023

The purpose of this bill is to amend chapter 317, Hawaii Revised Statutes, relating to secondary school students conference by:

- (1) Expanding participation to include seventh and eighth grade;
- (2) Suggesting various formats to be determined by the student conference committee; and
- (3) Expanding the student conference committee members to twenty-four from sixteen.

Your Committee received testimony supporting this measure from the Department of Education.

Your Committee finds that in 1996, Act 47 was enacted which suspended the annual conference of students for 1997 and instead convened a student governance summit to review the organizational structure, roles, and responsibilities of the student conference committee and the individual school councils in consideration of the implementation of school/community-based management and student-centered schools. This bill is a result of that review.

Your Committee further finds that the annual conferences are a valuable forum for students to get involved in the betterment of their schools by generating ideas and proposing solutions to school problems.

Your Committee notes however the concern of the Department of Education regarding the requirement of additional funds to support the expansion of student members on the student conference committee.

Your Committee amended this bill by deleting the expanded student conference committee membership of twenty-four and the corresponding number of students from each school, and leaving blanks for the exact numbers to be inserted later.

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. 1023, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1023, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Ige, D., Metcalf).

SCRep. 1173 Education on H.B. No. 1138

The purpose of this bill is to establish an advisory legislative task force on parental responsibility in education to search for unique solutions to motivate children to learn and to emphasize the importance of parental responsibility in being involved in their children's education.

Your Committee received testimony supporting this measure from the Department of Education, the Hawaii State Teachers Association, and the Hawaii Congress of Parents, Teachers, and Students. Testimony opposing this measure was received from an interested citizen.

Your Committee finds that many parents do not participate in their children's education despite the research that has shown the importance of parent participation in the process of student motivation and ultimately good education. Participating parents lay a foundation for responsible citizenship including instilling the knowledge and respect of our State's diverse cultural heritage, and the responsibility attached to being an upstanding citizen.

Upon further consideration, however, your Committee has amended this bill by deleting its contents and adding a new section to chapter 302A, Hawaii Revised Statutes, that makes parents and guardians accountable for compliance with the student code of conduct.

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. 1138, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1138, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Ige, D., Metcalf).

SCRep. 1174 Education on H.B. No. 1688

The purpose of this bill is to amend section 8-5, Hawaii Revised Statutes, relating to the King Kamehameha Celebration Commission to provide the Commission with the discretion to appoint an arts program specialist and a part-time clerk typist notwithstanding chapters 76 or 77, Hawaii Revised Statutes (HRS). Additionally, the bill allows the comptroller to raise funds to defray administrative costs, and requires that all moneys received be deposited into the Commission's trust account.

Your Committee received testimony supporting this measure from the Department of Accounting and General Services and the Kamehameha Schools Alumni Association.

Your Committee finds that section 76-16(3), HRS, currently allows the Commission to hire an arts program specialist and a clerk for a period that does not exceed one year. However, the Commission needs these positions on a continuing basis.

Your Committee notes that these positions will be funded through the Commission's trust account.

Your Committee has amended this bill by deleting specific references to private clubs and associations and instead inserting a general reference to all Hawaiian civic clubs and associations, and requiring the Commission to provide an annual financial report to the legislature.

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. 1688, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1688, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Ige, D., Metcalf).

SCRep. 1175 Education on H.B. No. 1710

The purpose of this bill is to amend Act 218, Session Laws of Hawaii 1995, by repealing the proviso in section 53 which transfers moneys appropriated to pay Department of Education (DOE) workers' compensation costs from the DOE to the Department of Human Resources Development.

Your Committee received testimony supporting this measure from the DOE.

Your Committee finds that the DOE is directly responsible and accountable for payments of workers' compensation expenses to DOE employees. Repealing the transfer of workers' compensation funding to the Department of Human Resources Development would streamline the workers' compensation claim process.

Your Committee has amended this bill by:

- (1) Appropriating \$1 in fiscal years 1997-1998 and 1998-1999, to fund seven and one-half full-time equivalent permanent registrar positions for intermediate schools;
- (2) Appropriating \$1 in fiscal years 1997-1998 and 1998-1999, to fund nineteen and one-half full-time equivalent permanent counselor positions;
- (3) Converting fifteen temporary, full-time, and fifteen temporary part-time, general-funded, bilingual/bicultural school-home assistant positions to permanent status;
- (4) Appropriating unspecified sums in fiscal year 1997-1998, to hire forty-eight new school security attendants and to provide training for all state school security attendants;
- (5) Establishing a program for the initial and ongoing training of school security attendants, and appropriating unspecified sums in fiscal years 1997-1998 and 1998-1999, to fund the program;
- (6) Appropriating unspecified sums in fiscal years 1997-1998 and 1998-1999, to establish athletic health care specialist positions for each school complex; appropriating \$1,378,225 in fiscal year 1997-1998, for twenty-five full-time equivalent athletic health care specialist positions; converting fifteen full-time equivalent general funded temporary athletic health care specialist positions to permanent status; requiring certification by the National Athletic Trainers Association, Board of

Certification as a minimum qualification for new hires; appropriating \$704,500 in fiscal years 1997-1998 and 1998-1999, to fund thirty-eight temporary full-time equivalent athletic health care specialist positions;

- (7) Appropriating an unspecified sum in fiscal year 1997-1998, to subsidize current levels of funding to all public schools for supplies, equipment, and maintenance;
- (8) Appropriating \$1,087,000 in fiscal years 1997-1998 and 1998-1999 to provide parent-community networking centers for the remaining ninety public schools, to fund one district-level full-time facilitator for Kauai and one for Maui, and to fund one full-time state resource teacher position; and
- (9) Appropriating \$25,000 in fiscal years 1997-1998 and 1998-1999 for two part-time school/community-based management resource teachers.

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. 1710, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1710, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Ige, D., Metcalf).

SCRep. 1176 Education on H.B. No. 1731

The purpose of this bill is to amend the paragraph in section 26-12, Hawaii Revised Statutes, relating to the public library system by giving the Board of Education the authority to establish, set the membership number and quorum requirements, appoint members, and disestablish county library advisory commissions.

Your Committee received testimony supporting this measure from the Board of Education.

Your Committee agrees that county library advisory commissions are a valuable resource to the Board of Education in its capacity as manager of the public library system, but a more pressing matter that must be addressed concerns the library system.

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

- (1) Adding a new section to chapter 321, Hawaii Revised Statutes, which gives community head librarians the authority to select materials for their respective library subject to Board of Education and state librarian policies; and
- (2) Voiding existing contract provisions that are not in compliance with this Act except for those contracts which require an extension beyond the effective date of this Act to comply with federal law.

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. 1731, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1731, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Ige, D., Metcalf).

SCRep. 1177 Education on H.B. No. 1831

The purposes of this bill are to:

- (1) Extend provisional student admission to school upon submission of proof that progress toward completing the required immunizations are being made but could not be completed due to the minimum intervals required between doses of particular vaccines;
- (2) Substitute the administrator of the school for the department of health as the notifying agent;
- (3) Authorize school health aides to administer medications including medications needed in emergency situations if the student's parent or guardian has authorized the administration of the medication, and the medication was prescribed by a licensed physician or a practitioner with prescriptive authority;
- (4) Modify screening and diagnostic tests performed in order to detect the presence of the HIV antibody, and require the Food and Drug Administration's approval on all tests other than those used for experimental purposes; and
- (5) Delete the requirement that the Department of Health offices in Honolulu, Hilo, Wailuku, Lihue, and Kaunakakai maintain complete rosters of all exemptions from immunizations granted by that office.

Your Committee received testimony supporting this measure from the Department of Health and the Department of Education. Testimony was received from the Hawaii Government Employees Association opposing this measure.

Your Committee finds that some vaccines required by the Department of Health prior to a child's being admitted to school require specific time intervals between doses. Because of these required time intervals some children have been denied provisional admission to school.

Your Committee amended this bill by deleting the authorization for school health aides to administer medication needed in emergency situations and adding a section to repeal part XI of chapter 321, Hawaii Revised Statutes, relating to chronic renal disease.

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. 1831, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1831, H.D. 1, S.D. 1, and be referred to the Committee on Health and Environment.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Ige, D., Metcalf).

SCRep. 1178 Education on H.B. No. 2234

The purpose of this bill is to provide the University of Hawaii with more control over its budget by:

- (1) Prohibiting the Governor and the Director of Finance from reducing any budget requests or allotments to the University below amounts appropriated by the Legislature unless the University requests the reduction; and
- (2) Establishing the final amount calculated in determining general fund budget appropriations for the University as a goal, rather than a requirement for the Legislature.

Your Committee believes it is important to uphold the legislative intent of Act 161 enacted in 1995. Your Committee is committed to providing flexibility and fiscal autonomy to the University.

Your Committee has amended this bill by retraining the existing statutory language requiring Legislature to formulate, (instead of establishing a goal for) general fund budget appropriations for the University, and by making other technical, nonsubstantive amendments for 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. 2234, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2234, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Ige, D., Metcalf).

SCRep. 1179 (Joint) Education and Health and Environment on H.B. No. 1105

The purpose of this bill is to establish a two-year dental health demonstration project for schools in the county of Kauai during the 1997-1998 and 1998-1999 school years. Specifically the bill:

- (1) Encourages children admitted to school for the first time to submit a dental health certificate from a licensed dentist stating that the child will undergo all necessary dental treatments, and will complete all treatments no later than three months after entering school; and
- (2) Requires that the Department of Health and the Department of Education establish an educational program that informs the public of the requirements and purpose of the demonstration project.

Your Committees received testimony supporting this bill from the Department of Health, the Department of Education, the State Health Planning and Development Agency, the Kauai Dental Health Task Force, the Kauai County Dental Society, the Hawaii Medical Service Association, and Papa Ola Lokahi.

Your Committees find that Hawaii's children suffer from tooth decay at rates as high as three times the national average. Additionally, thirty-six percent of children in kindergarten have active, untreated dental caries.

Your Committees further find that early detection and treatment of dental disease can prevent more serious dental problems, reduce the number of missed school days, and reduce the added financial burden on parents.

Your Committees amended this bill to ensure that this project will not cause any child to be excluded from school for non-compliance with the project, and by inserting the Department of Health's assurance that no additional funding is required for implementation of this project.

As affirmed by the records of votes of the members of your Committees on Education and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1105, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1105, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 2 (Ige, D., Ige, M.).

SCRep. 1180 (Joint) Health and Environment and Human Resources on H.B. No. 646

The purpose of this bill is to appropriate state funds as additional matching funds for the Title XIX Medicaid Home and Community-based Services Waiver Program to serve individuals with developmental disabilities.

Your Committees received numerous testimonies, all in support of this bill. The Planning Council on Developmental Disabilities, Commission on Persons with Disabilities, The Arc in Hawaii, Arc of Kauai, Lanakila Rehabilitation Center, Kona Krafts, Special Education Center of Hawaii, Catholic Charities of the Diocese of Honolulu, Opportunities for the Retarded, and twelve individual advocates indicated their support for the passage of this bill.

The Department of Health and Parrish Pacific Incorporated support the intent of this bill, but have also expressed concerns. Although the Department of Health recognizes the need to provide individuals with development disabilities with community-based services and ensure that providers receive adequate compensation for the services rendered, it does not intend to compromise the department's priorities as contained in the Executive Biennium budget. Parrish Pacific Incorporated noted that it supports this bill only if it is amended to include safeguards against the funding of top heavy contractors and awarding or continuing contracts to agencies not complying with past and present contracts.

After thorough review of the merits of this measure and testimonies aforementioned, your Committees have amended this bill by inserting the amount of \$4,380,716 for fiscal year 1997-98 and \$6,289,912 for fiscal year 1998-99.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 646, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 646, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 6. Noes, none. Excused, 4 (Fukunaga, Tam, Anderson, Slom).

SCRep. 1181 Health and Environment on H.B. No. 1250

The purpose of this bill is to establish a pipeline safety committee to:

- (1) Maintain information on pipeline locations;
- (2) Share information on cathodic protection; and
- (3) Report annually to the legislature.

Your Committee received written testimony in support of the intent of this measure from the Department of Health.

Your Committee finds that pipeline safety is an issue of growing concern for Hawaii, and that creating legislative accountability is one way of ensuring continued commitment to resolving these issues.

Your Committee has heard testimony that military participation is crucial to the success of the pipeline safety committee, and that the military is concerned with being associated with a statutorily required committee when they are currently not regulated, and may withdraw from the committee if this measure is enacted.

Your Committee agrees that participation by the military is critical so that their corrosion protection does not interfere with other operators. Your Committee has amended the bill accordingly to:

- (1) Amend the intent of the Act to monitor pipeline safety under the auspices of the Hawaii state emergency response commission; and
- (2) Amend section 128E-2(g), Hawaii Revised Statutes, to require the commission to monitor pipeline safety activities and to report annually to the legislature.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1250, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1250, H.D. 3, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, none.

SCRep. 1182 (Joint) Health and Environment and Human Resources on H.B. No. 1824

The purpose of this bill is to enhance the ability of the Hawaii Health Systems Corporation to build a strong and effective management team to operate State health care facilities by:

- (1) Extending the current exempt status of hospital administrators and assistant administrators; and
- (2) Exempting the medical director positions from the civil service system.

Supportive testimonies were received from the Hawaii Government Employees Association, the Healthcare Association of Hawaii, and the Hawaii Health Systems Corporation (HHSC). In its testimony, the HHSC suggested an amendment to the bill.

Testimony indicated that to put the State hospital system on a firm financial and operational foundation, the HHSC must have the ability to develop a management team that shares a common vision and unified goals necessary for effective and efficient operations. By providing the HHSC with the ability to appoint hospital administrators, assistant administrators, and other positions with similar administrative functions, the HHSC will be better able to develop such a management team.

The HHSC indicated that administrators and assistant administrators are currently exempt from the civil service system. However, this exemption will sunset on June 30, 1998. This bill would extend the current status of these administrators and assistant administrators.

The HHSC also requested that the bill be amended to include directors of nursing and staff physicians as exempt positions. The HHSC's justification for this request was that directors of nursing are indispensable and critical executive level management positions

with responsibility for overall administration and management of the nursing service activities. Additionally, these persons are often left in charge in the absence of the administrator, especially in those smaller facilities that do not have an assistant administrator position. These senior management positions often deal with labor issues and are truly an integral part of the management team.

With respect to the staff physician positions, HHSC indicated that there are individuals in these positions at five facilities who function as medical directors. These professional positions are required for Medicare and Medicaid reimbursements and are an integral part of the team.

After considering the merits of the measure and the testimonies received, your Committees have amended the bill by including directors of nursing and staff physicians as positions exempt from the civil service system. Your Committees believe that with this amendment, the bill will provide the HHSC with sufficient flexibility to recruit and retain qualified personnel for these positions, thereby enabling the HHSC to develop an efficient and effective management team.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1824, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1824, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 6. Noes, none. Excused, 4 (Fukunaga, Tam, Anderson, Slom).

SCRep. 1183 Health and Environment on H.B. No. 1292

The purpose of this bill is to authorize agreements between the Department of Land and Natural Resources, federal agencies, counties, and private landowners to administer, manage, or protect endangered species and their habitat, and allows limited possession, cultivation, and sale of selected endangered and threatened land plants.

Your Committee heard testimony in favor of this bill submitted by the United States Fish & Wildlife Service, Land Use Research Foundation of Hawaii, and a professional ecologist. Testimony against this bill was submitted by the Sierra Club-Hawaii Chapter, Hawaii's Thousand Friends, Sierra Club Legal Defense Fund, Hawaii Audubon Society, and a concerned scientist. The Chairperson of the Board of Land and Natural Resources (BLNR), Nature Conservancy of Hawaii, and Hawaii Rifle Association submitted testimony supporting the intent of portions of this bill and recommended various amendments. The Sierra Club Legal Defense Fund and Sierra Club-Hawaii Chapter included suggested amendments to the bill in their testimony, provided your Committee used Senate Bill No. 1089, S.D. 2 as the vehicle for this legislative initiative.

After considering the testimony and merits of this measure, your Committee agreed with the majority of testifiers who recommended the substitution of the provisions in Senate Bill No. 1089, S.D. 2, for the current contents of this bill. Your Committee believes that the Senate version contains important safeguards against abuse of the statute which the House version omits.

Your Committee amended this bill by deleting its contents and replacing it with the contents of Senate Bill No. 1089, S.D. 2, and by incorporating numerous modifications as recommended by the BLNR, Sierra Club-Hawaii Chapter, Sierra Club legal Defense Fund, and others. The numerous changes made to the Senate version were made primarily for purposes improving accountability to the public, clarification of specific provisions, and improving the internal consistency of the measure. The result of these amendments is the establishment of an Endangered Species Recovery Act that promotes voluntary conservation and preservation efforts by private landowners.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1292, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1292, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 1184 Health and Environment on H.B. No. 1836

The purpose of this bill is to authorize the Department of Health to administer the state revolving fund program for the improvement of public water systems.

Your Committee heard testimony in favor of this bill submitted by the Director of Health, Board of Water Supply of the City & County of Honolulu, the Water Resources Research Center, West Hawaii Utilities, and the County of Hawaii Department of Water Supply.

After considering the testimony and merits of this bill, your Committee concluded that additional measures for maintaining the safety of water catchment systems were necessary.

Your Committee amended this bill by:

- (1) Setting aside five per cent of the moneys in the fund for use in geographic areas of the State serviced by water catchment systems; provided that such areas qualify for use of the moneys under state and federal law;
- (2) Requiring the Department of Health to conduct testing of water catchment systems; 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 Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1836, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1836, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1185 Transportation and Intergovernmental Affairs on H.B. No. 667

The purpose of this bill is to establish a People Mover Development Authority within the Office of Planning for administrative purposes, to issue a request for proposals for the development of a people mover system between Waikiki and the convention center, and other areas of Honolulu, if feasible, using private funds.

Your Committee received testimony in support of this bill from the Board of Land and Natural Resources, Convention Center Authority, Honolulu Monorail Development, and Pacific Resource Partnership. Testimony in support of the intent of this bill was received from the Department of Transportation, Department of Business, Economic Development, and Tourism, and a private citizen.

Your Committee also received testimony in opposition to this bill from The League of Women Voters of Hawaii and two City Councilmembers of the City and County of Honolulu. In addition, comments were submitted by the Tax Foundation of Hawaii.

Your Committee finds that there is a need to establish a "people mover" system for a modern, safe, efficient, and effective means of moving large numbers of persons between Waikiki and other areas of Honolulu. A people mover system offers inexpensive, accessible, and reliable transportation as an incentive for commuters; could relieve traffic congestion; and support the State's vital visitor industry. However, funding for such a system is uncertain, given the State's current financial situation, thus, the need to secure private funds must be considered.

Your Committee has amended this bill as recommended by the Department of Business, Economic Development, and Tourism (DBEDT), by replacing the provisions establishing a people mover authority with provisions to develop a people mover system as a public utility. The advantage of this approach is that any acquisition or condemnation of land necessary for the right-of-way for the people mover could be undertaken by the public utility (as the contractor) rather than a governmental agency. Specifically, the bill as amended:

- (1) Requires DBEDT, in cooperation with the Department of Transportation, and the State Procurement Office, to review the possibility of developing a people mover system between Waikiki and other areas of Honolulu, using private sector funds;
- (2) Allows the departments to issue requests for proposals to enter into a contract with a private entity pursuant to this section;
- (3) Authorizes DBEDT to grant a charter or franchise, subject to approval of the Legislature by act;
- (4) Authorizes DBEDT to create a public utility;
- (5) Requires DBEDT to conduct a study and offer a recommendation and justification as to the feasibility of exempting the charter or franchise from regulation of rates or fees charged for the use of the people mover system by the public utilities commission; and
- (6) Requires DBEDT to make provisions for public comment on the route or range of route to be followed by the people mover system.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 667, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 667, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 1186 (Majority) Transportation and Intergovernmental Affairs on H.B. No. 1762

The purpose of this bill is to authorize the disposal of impounded vessels without public auction if the appraised value of the vessel is \$5,000 or less.

Your Committee received testimony in support of this bill from the Department of Transportation. Testimony in opposition to this bill was received from the Boat Owners Association of the State of Hawaii and the Hawaii Boaters Council.

Your Committee finds that impounded vessels unclaimed for over thirty days cause undue moorage and financial burdens on the Department of Transportation. Presently, these vessels can be sold at public auction. However, your Committee is equally concerned that owners of vessels are provided with due process and fair opportunity to retrieve their vessels before their vessels are sold, disposed of as junk, or donated to any governmental agency.

Your Committee has amended this bill by:

- (1) Adding provisions relating to procedures to gain custody of impounded vessels;
- (2) Permitting an appraisal of the value of the vessel by an alternate appraiser to be submitted at the administrative hearing;
- (3) Placing the burden of cost on the owner or operator of the vessel when obtaining the services of an alternate appraiser;

- (4) Clarifying that the purpose of the administrative hearing is to provide the owner or operator of the vessel an opportunity to contest the impoundment and the appraised value of the vessel;
- (5) Clarifying that this section relates to any unauthorized vessel in a commercial harbor that is impounded;
- (6) Authorizing a disposal of vessel action where the appraised value is \$125 per foot of the overall length of the vessel, but not more than \$5,000;
- (7) Requiring the Department of Transportation to sell, dispose of, or donate any unclaimed, unauthorized impounded vessel to any governmental agency, rather than negotiating with an interested party or junking the vessel or by public auction; and
- (8) Requiring that any disposal of vessel action shall follow the disposal process as provided in Chapter 103D, Hawaii Public Procurement Code.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1762, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1762, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 1 (Kanno). Excused, 3 (Aki, Fernandes Salling, Slom).

SCRep. 1187 Transportation and Intergovernmental Affairs on H.B. No. 2120

The purpose of this bill is to require pawnbrokers and secondhand dealers to record information of transactions on a computerized form, and to electronically transmit a copy of the form to the police department upon request.

Your Committee received testimony in support of this bill from the Office of the Mayor of the City and County of Honolulu, the Police Department of the City and County of Honolulu, ABC Mortgage, Chinese Chamber of Commerce of Hawaii, Philpotts and Associates, Inc., and a private citizen. Testimony in opposition of this bill was received from the Hawaii Pawnbrokers and Second Hand Dealers Association and a private citizen.

Your Committee finds that the present system of manually recording, collecting, and storing each pawn slip by shop owners; and then having a police representative retrieve and input that information into the police department's computer system is not effective or efficient. The police department investigated more than 51,271 cases of property crimes in 1996. A substantial number of stolen items are fenced through pawnshops. By developing a standard form for dealers to fill out and immediately submit to the police department via electronic or similar means, police investigators will be able to identify stolen items in a timely manner, and return stolen property to their respective owners.

Your Committee has amended this bill by:

- (1) Requiring standard rather than computerized forms to be used by dealers, agents, employees or representatives of dealers to record information on items received; and
- (2) Allowing completed forms to be faxed by the dealers to the police department in each county as an alternative to electronically inputting and transmitting forms via modem.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2120, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2120, H.D. 1, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 1188 Government Operations and Housing on H.B. No. 777

The purpose of this bill is to provide members of planned community associations with basic procedural rights similar to those provided condominium associations and cooperative housing associations.

Your Committee received supportive testimony from the Real Estate Commission, the Housing Finance and Development Corporation, the Land Use Research Foundation of Hawaii, the Community Associations Institute, Management Consultants of Hawaii, Inc., and two individuals.

Currently, there is no law which sets forth the basic framework for self-governance by planned community associations. Each planned community association is governed by their respective association documents. Thus, there is no consistency among planned community associations and some do not have basic self-governance provisions. This bill provides for the basic framework and owner rights of self-governance.

Your Committee has amended the bill by replacing its provisions with the provisions from S.B. No. 681, S.D. 2, a companion measure, and by incorporating the language from H.B. No. 778, concerning the planned community association's right to attorneys' fees and costs in enforcement actions.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 777, H.D. 1, as amended herein, and recommends that

it pass Second Reading in the form attached hereto as H.B. No. 777, H.D. 1, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Anderson).

SCRep. 1189 Government Operations and Housing on H.B. No. 780

The purpose of this bill is to expressly allow condominium associations to use a cash flow method to calculate their reserve fund requirements, provided that an association using the cash flow method is required to assess up to one hundred percent of the estimated replacement reserves.

The bill also provides that an association disclose whether the amount the association collects for the fiscal year was calculated by the percent method, or the cash flow method, and that the plans or methods not circumvent the estimated replacement reserves determined by the reserve study.

Your Committee received written testimony in support of the bill from the Real Estate Commission, Community Associations Institute, the Condominium Sub-Committee of the Real Property and Financial Services Section of the Hawaii State Bar Association, Management Consultants of Hawaii, Inc., and a private citizen.

Presently the law appears to only permit the percent method to calculate reserves, that is the ratio, at a specific time, of the actual reserve balance to the fully funded balance expressed as a percentage. The percent method often results in fluctuating and unnecessarily high maintenance fees.

The cash flow method allows the condominium association to examine the financial effect of the budgeted reserve contributions and estimated expenses over a minimum twenty year period. If the estimated reserves in each of the twenty years is sufficient to pay the estimated expenses for that year the fund is considered to be fully funded. The benefits of the cash flow method are that: it creates a more accurate budget, puts less of a burden on the homeowners maintenance fees, provides for immediate 100 percent funding, and presents the budget in more understandable terms for owners, and buyers.

Testimony indicated that this bill only requires "up to one hundred percent" funding of the estimated replacement reserves under a cash flow plan, while the companion measure, S.B. No. 680, S.D. 1, requires one hundred percent funding. There was concern that associations could assess less than one hundred percent and undermine the purpose of the reserve law.

Your Committee amended the bill to replace its provisions with the provisions of S.B. No. 680, S.D. 1.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 780, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 780, H.D. 1, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 1190 Government Operations and Housing on H.B. No. 793

The purpose of this bill is to assist developers of residential condominium projects by permitting the developer to file a contingent final public report without first acquiring the land, obtaining financial commitments, having an executed construction contract, obtaining building permits, or getting a one hundred percent performance bond.

The bill also provides, however, that all purchasers' funds would be held in escrow and not disbursed until an effective date for the final public report meeting all the requirements is issued, and if no such effective date is issued within nine months, the purchaser may cancel the contract and obtain a refund of all moneys paid together with interest, and a reimbursement of all escrow and financing fees.

The bill further permits developers to market the condominium to owner-occupants and to others at the same time.

Your Committee received favorable testimony from the Real Estate Commission, the Myers Corporation, the Building Industry Association of Hawaii, and two private citizens. Testimony from a condominium owner raised an issue regarding the desirability and necessity for the developer to provide the association of apartment owners with a copy of all building plans and specifications, together with specifications and maintenance information on any equipment and products within the common areas. The Real Estate Commission assured your Committee that it would look into the feasibility of having the developers provide such information directly to associations of apartment owners.

Your Committee amended the bill to incorporate technical nonsubstantive amendments suggested by the Real Estate Commission for purposes of clarity, and made numerous technical nonsubstantive amendments for purposes of style and to correct misquotes of existing statutes.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 793, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 793, H.D. 1, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 1191 Government Operations and Housing on H.B. No. 1287

The purpose of this bill is to allow contractors, subcontractors, and materialmen to institute an action against the payment bond after they have completed their portion of the work without having to wait for the publication of the final notice of completion which is made when the entire project is completed.

Your Committee received favorable testimony from the Subcontractors Association of Hawaii, the Hawaii Surety Association, HSI Mechanical, Tom Sofos Insurance and Bonding, Inc., Buck Roofing Co., Inc., and the Plumbing and Mechanical Contractors Association of Hawaii. The State Procurement Office, S&M Sakamoto Inc., Jas. W. Glover, Ltd., and the General Contractors Association provided testimony in support of the intent of the bill.

Your Committee was informed that in these difficult economic times contractors, subcontractors, and materialmen need timely payment to see them through, and that some unscrupulous developers abuse the law. This bill would not result in increased bond costs. Currently there appears to be no bond cost difference for federal or local projects.

Proposed amendments were submitted by the Subcontractors Association of Hawaii to address concerns raised by some of the general contractors and bonding companies.

Your Committee has amended the bill by replacing its provisions with the provisions of S.B. No. 654, S.D. 1, a companion measure, and incorporating the suggested amendments submitted by the Subcontractors Association of Hawaii.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1287, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1287, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Anderson).

SCRep. 1192 Government Operations and Housing on H.B. No. 1309

The purpose of this bill is to provide that current evidence of fidelity bond coverage for condominium managing agents and associations of apartment owners includes a certification statement from insurers certifying coverage under a fidelity bond in lieu of providing the actual policy.

This amendment will streamline the registration process without compromising consumer protection. Also the bill imposes the registration requirements on condominium projects and associations of apartment owners, with six or more apartments, created between 1961 and 1963 under the Horizontal Property Act, the predecessor to chapter 514A, Hawaii Revised Statutes (HRS).

Your Committee received favorable testimony from the Real Estate Commission, the Community Action Institute, the Hawaii Association of Realtors, and Management Consultants of Hawaii. Based on the testimony and your Committee's inquiries, it is your Committee's understanding and intent that the condominium registration requirements do not apply to condominiums created before chapter 514A, HRS.

Your Committee has amended the bill to:

- (1) Provide that failure to report changes to the registration application will result in the termination of the managing agent's registration under section 514A-95(a), HRS;
- (2) Delete the provisions making the registration requirements applicable to condominiums created before enactment of chapter 514A, HRS; and
- (3) Make technical, nonsubstantive changes for purposes of style, clarity, and consistency with existing statutory language.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1309, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1309, H.D. 1, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 1193 Government Operations and Housing on H.B. No. 1593

The purpose of this administrative measure is to allow a purchasing agency to accept moneys in satisfaction of the performance surety's obligation on the bond when the contractor defaults, and to deem such moneys as trust moneys to be used for completion of the contract. The bill also exempts the selection of the replacement contractor from the requirements of the Hawaii Public Procurement Code.

Your Committee received written testimony from the State Procurement Office and oral testimony from the Department of the Attorney General in support of this bill. Both proponents assured your Committee that the moneys would be deposited into trust funds subject to chapter 37, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1593, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Anderson).

SCRep. 1194 Government Operations and Housing on H.B. No. 1686

The purpose of this administration bill is to make the state procurement system more efficient through a number of housekeeping amendments.

Your Committee received favorable testimony from the State Procurement Office, Oahu Roofing and Waterproofing Co., and the Building Industry Association of Hawaii. The Hawaii Operating Engineers Industry Stabilization Fund opposed the bill in so far as it repealed the bidding preference granted under section 103-45.5, Hawaii Revised Statutes (HRS).

Your Committee also received testimony from the County of Maui, the County of Kauai, Waste Management of Hawaii, Inc., Fewell Geotechnical Engineering, Ltd., the Consulting Engineers Council of Hawaii, and Hawaii Pacific Engineers, Inc., all requesting an amendment which would address the concerns resulting from the recent Supreme Court decision in Konno v. the County of Hawaii holding that the privatization of a county landfill violated civil service laws.

Due to the apparent urgency of the situation your Committee scheduled an informational hearing at which time the Committee received additional testimony from the counties of Kauai, Maui, Hawaii, and the City and County of Honolulu, the Department of the Attorney General, the Judiciary, various other state and county agencies, numerous private and nonprofit organizations, and a number of individuals all testifying in support of an amendment to address the impacts and ramifications of the Konno decision. Unfortunately, while the Hawaii State AFL-CIO submitted written testimony in opposition to the proposed amendments, no union representatives appeared in response to your Committee's invitation and the Committee was deprived of the opportunity to hear the concerns of all involved parties.

There was almost universal consensus among the testifiers present that if public contracts were subject to Konno it would have a devastating effect on the poor, disabled, and elderly segments of the population which depend on various chapter 42D and 103D, HRS, contracts for services and assistance, as well as a disruptive economic effect on organizations which have traditionally contracted with the State and counties.

Your Committee was informed that even if the State and the counties were successfully able to challenge the applicability of Konno to such contracts, it must be presumed that it would require months or years of litigation to reach this result. While this litigation was pending, a cloud would exist over the State's and counties' ability to contract for public services, and the distinct possibility that each of these contracts might be individually subject to some type of restraining order. It would be difficult at best to even budget for some of these contingencies.

Accordingly, your Committee is convinced that immediate legislative action is necessary, particularly in light of the Supreme Court's express declaration that legislative guidance was imperative.

Two proposals were presented to the Committee:

- (1) The counties proposed amending chapters 103D and 42D, HRS; and
- (2) The Attorney General submitted a proposal to amend chapter 103, HRS.

Your Committee intends to proceed with the counties' proposal because it is a better match with the bill's title. Based on your Committee's understanding of the testimony of the deputy attorney general which was at times vague, the amendment to chapter 103, HRS, was not a good match and might be subject to constitutional challenge since the amendment to chapter 103, HRS, might be broader than the bill's title "Relating To Procurement". Further, it was your Committee's assessment that there was a greater degree of consensus behind the counties' proposal.

Your Committee amended the bill to:

- (1) Incorporate the technical amendments requested by the State Procurement Office which include retaining the present bidding preference under section 103-45.5, HRS;
- (2) Incorporate amendments to chapters 42D and 103D, HRS, to address the concern raised by the Konno case;
- (3) Provide that section six of the bill, concerning the membership of the Procurement Board shall take effect only if S.B. No. 548, S.D.1, or H.B. No. 1689, H.D. 1, S.D. 1, are not adopted; and
- (4) Make technical nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1686, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1686, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Anderson).

SCRep. 1195 Government Operations and Housing on H.B. No. 1689

The purpose of this bill is to improve the process for expending funds for grants, subsidies, and purchases of services by providing a process to be used for grants and subsidies for public purposes, and a separate process for purchase of health and human services.

Specifically, this bill:

- (1) Creates a new statute for purchases of health and human services;
- (2) Creates a new statute for grants and subsidies;
- (3) Repeals chapter 42D, Hawaii Revised Statutes (HRS), Act 194, Session Laws of Hawaii 1992, and Act 118, Session Laws of Hawaii 1995, and makes other conforming amendments to state law; and
- (4) Appropriates an unstated amount of funds to implement the bill.

Your Committee received favorable testimony in strong support of the bill from the State Procurement Office, the Director of Human Services, the Office of Youth Services, the Office of Community Services, the Hemophilia Foundation of Hawaii, the Alliance for Health and Human Services, and the Waikiki Health Center.

The State Procurement Office testified that there were no resources to implement the bill and requested that either moneys be appropriated or the bill's effective date be moved back. In response to the concerns raised by the State Procurement Office other proponents promised to see if their budgets could be used to help implement the Act. Testimony further indicated that the Procurement Policy Board established under section 103D-201, HRS, is required to adopt rules implementing the new chapter on purchases of health and human services. However, as presently constituted, there is no requirement that members of the Procurement Policy Board have experience in the purchase of health and human services, and there is need for such perspective given the differences between health and human services procurement and other types of procurement.

Accordingly, your Committee has amended this bill to:

- (1) Expand the membership of the Procurement Policy Board to include two members with experience in health and human services procurement;
- (2) Provide that the amounts appropriated shall be \$300,000; and
- (3) 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 Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1689, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1689, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 1196 (Joint) Government Operations and Housing and Transportation and Intergovernmental Affairs on H.B. No. 1692

The purpose of this bill is to clarify and simplify the tax clearance requirements that a contractor must fulfill prior to obtaining a contract with a state or county agency. Specifically the bill:

- (1) Authorizes the Director of Taxation (Director) to waive the requirement for an Internal Revenue Service tax clearance if it is in the best interest of the State; and
- (2) Exempts certain procurements, purchases, grants and subsidies, rental payments, and contracts.

Your Committees received testimony in support of this measure from the Department of Accounting and General Services (DAGS) and the Internal Revenue Service. The Tax Foundation of Hawaii submitted comments on this measure.

In its testimony DAGS requested an amendment which would clarify the application and enforcement of section 103-53(c), Hawaii Revised Statutes. The proposed amendment requires that the final payment be withheld until the required tax clearances are furnished, and, if not submitted within six months of the completion date, notice of the amount of the final payment will be given to the Department of Taxation which shall request an offset for the amount of any taxes due.

Your Committees amended the bill to:

- (1) Incorporate DAGS' requested amendment, and to require that notice of the amount of the final payment be given to both the Department of Taxation and the Internal Revenue Service;
- (2) Require the Director of Taxation to report annually to the Legislature on the number of waivers of the Internal Revenue Service tax clearances granted; and
- (3) Reword the exemption provided rental payments for the use or occupation of specified state and county events facilities for the purposes of clarity.

As affirmed by the records of votes of the members of your Committees on Government Operations and Housing and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1692, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1692, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 7. Noes, none. Excused, 4 (Aki, Fernandes Salling, Anderson, Slom).

SCRep. 1197 Government Operations and Housing on H.B. No. 1796

The purpose of this bill is to allow the Housing Finance and Development Corporation (HFDC) to include its general revenues, as a source of funds that can be utilized to repay revenue bonds issued by HFDC under section 201E-50, Hawaii Revised Statutes. This measure also allows HFDC to issue deeply discounted bonds for the purpose of financing the infrastructure for the 500 acre former West Oahu Campus site and approximately 800 acre East Kapolei site in an amount that exceeds the current statutory restriction that the value of discounted bonds not exceed ten percent of the bond issue.

Supportive testimony was received from the Housing Finance and Development Corporation.

Your Committee is cognizant that Act 277, Session Laws of Hawaii 1996, authorized HFDC to issue revenue bonds to finance the infrastructure cost for the former 500 acre University of Hawaii West Oahu Campus and approximately 800 acre East Kapolei sites. The bonds are anticipated to be repaid from the revenues generated from the sale of the land and improvements thereon (infrastructure only).

Your Committee understands that in providing the infrastructure bond financing for the aforementioned purpose, HFDC will not be able to generate an income stream until the sites are sold to private developers and as such, must issue deeply discounted or zero coupon bonds (bonds which pay no interest until maturity). In addition, HFDC will not have a revenue stream to provide for monthly, semi-annual, or annual interest on the bonds and will need to accrue the interest until the bonds maturity. Though HFDC may be able to increase the bond issue amount and capitalize the interest to be paid, the result will be higher costs to the project.

Your Committee has learned that the proposed use of deeply discounted bonds to finance infrastructure improvements is a fairly standard method of infrastructure financing.

Your Committee has amended the bill by deleting the amendments which would allow HFDC to pledge its general revenues as a source of funds to repay revenue bonds issued by HFDC.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1796, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1796, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 1198 Economic Development on H.B. No. 233

The purpose of this bill is to permit a licensed hunter to carry and use an unconcealed and lawfully acquired pistol or revolver while engaged in hunting game mammals.

Your Committee received testimony in support of this measure from the Hawaii Hunting Association, Hawaii Citizens' Rights, the Hawaii Rifle Association, Lessons in Firearm Education, the K-Bay Rod and Gun Club, the National Rifle Association of America, the Pig Hunters Association of Oahu, and several private citizens. Testimony in opposition to this bill was received from the Department of Land and Natural Resources (DLNR), the Department of the Prosecuting Attorney, City and County of Honolulu, the Honolulu Police Department, the Hawaii State Commission on the Status of Women, and the Hawaii Firearms Control Coalition.

Your Committee finds that this measure will complement current hunting practices in the State and allow a larger group of Hawaii residents, as well as mainland and foreign hunters to pursue recreational hunting. This in turn will have a beneficial impact on the State's economy.

Your Committee notes the serious concerns raised by the Honolulu Police Department and other testifiers, but believes that this bill will not encourage the improper use or carrying of handguns because it requires that handgun hunters must be hunting in an approved hunting area and in possession of a proper hunting license, and the handguns must be suitable for hunting and not be carried in a concealed manner.

Your Committee does note, however, that handgun hunting may not be appropriate for all counties in the State, particularly those that are highly urbanized, and intends that DLNR take this into consideration when adopting rules pursuant to this measure.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 233 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 3 (Bunda, Kawamoto, Tanaka).

SCRep. 1199 Economic Development on H.B. No. 258

The purpose of this bill is to separate the convention center capital and operations special fund into two new funds -- a convention center capital special fund and a convention center operations special fund.

Your Committee received testimony in support of this measure from the Convention Center Authority.

Your Committee finds that this measure will provide a long-range income stream for the convention center to meet both its operating and capital requirements. It will effectively separate the funding for debt service and operations of the facility and provide increased accountability.

Your Committee has amended this measure on the recommendation of the Convention Center Authority by:

- (1) Providing for the transfer of existing cash balances, liabilities, and encumbrances to the newly created funds; and
- (2) Making several technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 258, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 258, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Bunda, Chumbley, Iwase, Kawamoto).

SCRep. 1200 Economic Development on H.B. No. 1367

The purpose of this bill is to authorize the Natural Energy Laboratory of Hawaii Authority (NELHA) to engage in retail concession activities that are unrelated to, but that will financially support, research, development, and commercialization of natural energy resources in Hawaii.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism and NELHA.

Your Committee finds that NELHA presently contributes more than \$43 million annually to the local economy, and approximately 140 people are employed by private tenants at the facility. These successes have been made possible by the State's investment in NELHA's operations and infrastructure that have leveraged a significant amount of federal and private capital.

NELHA has indicated that it is currently striving to reduce its operational costs and move toward a goal of greater self-sufficiency. This measure would allow expansion of the scope of NELHA's activities and further diversify its revenue sources.

Your Committee notes that DBEDT indicated in its testimony that various retail concession activities have the potential to generate significant additional revenues for NELHA and reduce public funding requirements, without adversely impacting the primary functions of NELHA.

Your Committee finds, however, that the current language of the bill is overly-broad and could possibly result in the establishment of numerous state-sponsored retail concessions competing with the private sector for limited consumer dollars. This is clearly not the intention of your Committee.

Your Committee has therefore amended this measure by:

- (1) Limiting NELHA to one retail concession activity and one tour-related activity; and
- (2) Making a technical change to section 3 of the bill.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1367, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1367, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Bunda, Iwase, Solomon, Slom).

SCRep. 1201 Economic Development on H.B. No. 1547

The purpose of this bill is to create a five-year pilot program within the Department of Land and Natural Resources (DLNR) to convert one or more small boat harbors into an independent marina managed by a community-based marina board.

Your Committee received testimony in support of this measure from Rick Gaffney & Associates, Kona Marina Sports Activities, Inc., the Ala Wai Marina Committee, Boats/Hawaii Inc., MCBOAT, and several private boat owners and enthusiasts. The Hawaii Government Employees Association submitted testimony in opposition to this measure.

Your Committee finds that the Senate counterpart to this measure, S.B. No. 1889, S.D. 1, which was the first of the measures to "cross" houses, is currently being considered by the House and continues to be a viable vehicle for addressing community-based privatization of small boat harbors.

Your Committee is inclined therefore to use H.B. No. 1547, H.D. 2, as a vehicle to attempt to resurrect the Molokai to Maui ferry through incentives such as the waiver of harbor fees and other preferential consideration at Lahaina Harbor, rather than via a direct monetary subsidy to a ferry service operator.

Your Committee received testimony in support of this proposal from the Department of Business, Economic Development, and Tourism, DLNR, a Maui County Councilman, the Molokai Visitors Association, numerous students from Molokai High and Intermediate School, numerous employees from the Westin Maui, Friendly Market Center, Ltd., Ka Hale Mala B&B/Vacation Rental, Big Wind Kite Factory, Kaluakoi Villas, Kaluakoi Hotel & Golf Club, Molokai Junior Roping Club, Dollar Rent a Car, Molokai

Business Association, Na Hua 'O Ka Aina dba Purdy's Natural Macadamia Nut Farm, Molokai Independent Drivers Inc., The Travel Shoppe, Pacific Marine, and several private citizens.

Your Committee notes that several community members raised concerns that ferry service be reinstated on an expedited basis, and that the community be kept apprised of, and allowed input regarding, DLNR's plans and progress in this regard. These testifiers indicated that Molokai would realize significant economic benefits from the ferry service only if the ferry is based on Molokai and its schedule is convenient for workers and businesspersons traveling between the islands (rather than tailored for day-tripping tourists). They also expressed concern that any commercial permit issued as an incentive for a person to operate a ferry service between Molokai and Maui be valid only so long as that person actually operates the service, to discourage persons interested only in obtaining the commercial permit without any lasting commitment to providing the ferry service.

Your Committee has amended this measure by deleting all existing language and substituting language providing additional incentives for operating interisland ferry service between Molokai and Maui, including the issuance of a commercial operating license and the waiver of applicable fees at Lahaina small boat harbor.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1547, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1547, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 3 (Bunda, Kawamoto, Tanaka).

SCRep. 1202 Economic Development on H.B. No. 1696

The purpose of this bill is to:

- (1) Amend the purpose of the Natural Energy Laboratory of Hawaii Authority (NELHA) to include ocean-related research, technology, and industry; and
- (2) Expand NELHA's duties to include supporting ocean research and technology development projects which support national and state interests, use facilities and infrastructure in Hawaii, and foster potential economic development.

Your Committee received testimony in support of this measure from NELHA and the Department of Business, Economic Development, and Tourism (DBEDT).

Your Committee finds that the administration of the federal grant which funds the National Defense Center for Excellence for Research in Ocean Sciences (CEROS) was transferred from the High Technology Development Corporation (HTDC) to NELHA in 1996. CEROS is an entirely federally-funded program whose mission is to foster the development of marine technology in areas of dual interest both to the Department of Defense and private industry. Its mission complements DBEDT's Ocean Resources Branch program to promote the development of Hawaii's ocean research and development industry.

Since its transfer in 1996 to NELHA, CEROS has attempted to assign existing contracts from HTDC to NELHA. Although this may be allowed under existing law governing NELHA, the Office of Attorney General has advised that NELHA's authority to receive federal grants and administer CEROS contracts should be clarified as set forth in this measure.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1696, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Bunda, Iwase, Solomon, Slom).

SCRep. 1203 (Joint) Economic Development and Water, Land, and Hawaiian Affairs on H.B. No. 1701

The purpose of this bill is to designate the Hawaii Community Development Authority (HCDA) as the local redevelopment agency for redevelopment of federal real and personal property at the Barbers Point Naval Air Station that has been declared surplus as a result of the federal base realignment and closure process. This bill also designates a new community development district called Kalaeloa for the lands conveyed to the State by the Navy.

Your Committees received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, the Department of Hawaiian Home Lands, the Department of Transportation, and HCDA. The Barbers Point Naval Air Station Redevelopment Commission (Commission) submitted informational testimony regarding its March 14, 1997, meeting. Testimony in opposition to this measure was submitted by Senator Brian Kanno, Representative Michael P. Kahikina, Representative Mark S. Moses, City Councilman John DeSoto, the City and County of Honolulu, and several private citizens from the Kapolei area.

Your Committees find that serious concerns have been raised that the structure of HCDA does not and would not allow for adequate city and community input in implementing the Barbers Point Reuse Plan formally adopted by the Commission on October 8, 1996.

Your Committees also note that although HCDA indicated in its testimony that it is uniquely qualified to implement the reuse plan as the local redevelopment authority, concerns were raised that HCDA did not participate in base closure discussions nor was it involved in past deliberations and hearings that took place over the past 3 1/2 years on this process.

Your Committees also note that the Commission voted at its March 14, 1997, meeting to request that the Governor seek a partnership of the State, City and County of Honolulu, and the community in the formation of the local redevelopment authority.

In light of the foregoing, your Committees have amended this measure by deleting all existing language and substituting language:

- (1) Establishing the Commission by statute;
- (2) Designating the current Commission as the local redevelopment authority for the redevelopment of Barbers Point Naval Air Station;
- (3) Assigning the Executive Director of HCDA as Executive Director and Chief Executive Officer of the Commission, and authorizing the utilization by the Commission of HCDA staff;
- (4) Establishing the Kalaeloa Community Development District;
- (5) Authorizing the Commission to issue revenue bonds; and
- (6) Appropriating \$250,000 for FY1997-1998, to be matched in an equal amount by the City and County of Honolulu, for purposes of this measure.

As affirmed by the records of votes of the members of your Committees on Economic Development and Water, Land, and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1701, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1701, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 7. Noes, none. Excused, 6 (Bunda, Chumbley, Fukunaga, Matsunaga, Solomon, Anderson).

SCRep. 1204 (Joint) Economic Development, and Water, Land, and Hawaiian Affairs, and Transportation and Intergovernmental Affairs on H.B. No. 2082

The purpose of this bill is to facilitate the redevelopment of a Honolulu waterfront region by establishing the Keehi Lagoon Community Development District and placing it under the authority of the Hawaii Community Development Authority (HCDA). The bill also changes the boundaries of the Kakaako Community Development District to exclude Pier 1 and Pier 2 at Fort Armstrong.

Your Committees received testimony in support of this measure from the Department of Land and Natural Resources, the Department of Transportation, Sea-Land Service, the Chamber of Commerce of Hawaii, and Young Brothers, Limited. The Department of Business, Economic Development, and Tourism and HCDA submitted testimony in support of the original version of this House measure which assigned planning responsibilities to HCDA for a newly-established Honolulu Waterfront Community Development District comprised of the waterfront area from Keehi Lagoon to the Ewa boundary of the Aloha Tower area.

Your Committees find that the waterfront resources of Hawaii are of vital importance to the State. This area serves not only the maritime needs of the State, but also its economic, recreational, and educational needs. It is therefore critical that planning efforts are well-coordinated and focused.

A number of agencies are currently responsible for sections of the Honolulu waterfront including, HCDA, the Aloha Tower Development Corporation, the Harbors and Airport Divisions of the Department of Transportation, the Department of Land and Natural Resources, and the Department of Business, Economic Development, and Tourism through its Waterfront Program. Without a single agency having jurisdiction over and responsibility for planning efforts in this vital area, optimal redevelopment efforts may not be possible.

While your Committees support the consolidation of planning responsibilities for the Honolulu waterfront area, they intend the Oahu Commercial Harbors 2020 Master Plan to be the basis of all planning processes for maritime concerns.

Your Committees have amended this measure by:

- (1) Expanding the boundaries of the proposed Keehi Lagoon Community Development District, and renaming it the Honolulu Waterfront Community Development District;
- (2) Deleting the proposed exclusion of Pier 1 and Pier 2 at Fort Armstrong from the Kakaako Community Development District, but requiring that Pier 1 and Pier 2 be used for maritime purposes only; and
- (3) Making a technical, nonsubstantive change for proper drafting style.

As affirmed by the records of votes of the members of your Committees on Economic Development and Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2082, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2082, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 8 (Aki, Bunda, Fernandes Salling, Fukunaga, Matsunaga, Solomon, Anderson, Slom).

SCRep. 1205 (Joint) Human Resources and Economic Development on H.B. No. 1086

The purpose of this bill is to enact a program to provide agricultural work opportunities to welfare recipients, unemployed persons, displaced workers, economically disadvantaged, or persons whose welfare benefits have expired but who remain unemployed.

Your Committees received testimony in support of this bill from the Department of Labor and Industrial Relations (DLIR), the Department of Agriculture (DOA), and one private individual.

Your Committees believe that this bill will provide the kinds of technical expertise and assistance needed by eligible participants to become successful farmers. This bill links job creation with job training. The experiences gained from this effort will be useful in strengthening the ties between economic development and workforce development and should improve current and existing strategies for workforce development.

Your Committees have amended this bill by:

- (1) Placing the provisions as a general law in the session laws rather than codifying them in the Hawaii Revised Statutes;
- (2) Adding a repeal date of July 1, 2000, because it is a pilot program; and
- (3) Designating the Department of Human Services (DHS) as the lead agency with assistance provided by the DLIR and DOA, because welfare recipients are the primary beneficiaries of this bill.

Your Committees recognize that the DHS might be lacking in agricultural expertise, but your Committees feel that the DHS should nonetheless be the lead agency for this program. It is the intent of your Committees that the DOA assist the DHS to the fullest extent on the technical agricultural aspects of this program, including marketing of agricultural products.

As affirmed by the records of votes of the members of your Committees on Human Resources and Economic Development that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1086, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1086, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 11. Noes, none. Excused, 5 (Fukunaga, Kawamoto, Matsunaga, Tanaka, Anderson).

SCRep. 1206 Human Resources on H.B. No. 1618

The purpose of this bill is to clarify the duties of the Director of Human Resources Development (Director).

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

This bill requires the Director to develop and maintain a position classification system using professionally recognized techniques and to determine the status of employees affected by classification actions.

Your Committee finds that this bill allows the Director to utilize modern human resources management methodologies rather than the present antiquated system developed in the 1930's.

Your Committee has amended this bill to add that the pricing and repricing of classification and reclassification shall be subject to collective bargaining upon request of the union. Classification and reclassification are part of the duties of the Director, and this bill clarifies that the subject of pricing and repricing could be relegated to collective bargaining at the option of bargaining representatives of employees.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1618, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1618, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 1207 Human Resources on H.B. No. 1812

The purpose of this bill is to protect retirement, health, and death benefits for spouses and dependent children of Employees' Retirement System (ERS) members by:

- (1) Requiring that the person appointed by the Family Court as guardian of an incapacitated ERS member, rather than the member's department head, file disability retirement applications on behalf of the member;
- (2) Extending survivor health benefits to eligible spouses and dependent children of ERS members who die while still in service; and
- (3) Expanding the eligibility to receive active death benefits to include cases where death occurs while the member is on authorized leave without pay.

The ERS submitted testimony in support of this measure.

Under existing law, department heads must file a disability retirement application for incapacitated employees in order to ensure retirement and health benefits for their spouses and dependents upon death. This bill replaces the department head with the person appointed by the family court as guardian of the incapacitated member.

The bill also addresses the situation where under existing law, the surviving spouse and dependent children are not entitled to any health benefits. A member could have twenty years of credited service at the time of death but no survivor health benefits would be available if the member was not eligible for retirement because of age. Since members with at least ten years of credited service who are eligible for ordinary disability retirement are also qualified for survivor health benefits upon death, the bill provides comparable

health benefits if the same member dies in service without filing a disability application. The bill will eliminate the need for the filing of disability retirement applications to protect the health benefits for their families.

Another situation that the bill addresses involves members who have exhausted their accumulated sick leave due to a long term illness and who are on authorized leave without pay. These members are not eligible for active death benefits if death should occur while on such leave. If this same member has a minimum of ten years of credited service, the member may apply and be approved for ordinary disability retirement. The bill makes the active death benefit consistent with the ordinary disability retirement benefit by providing for the payment of this benefit if the member's death occurs while the member is on authorized leave without pay.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1812, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 1208 Human Resources on H.B. No. 1814

The purpose of this bill is to allow contributory plan members of the State Employees' Retirement System to purchase service credit on a pre-tax basis.

Your Committee received testimony in support of this bill from the Employees' Retirement System, the Department of Personnel of the City and County of Honolulu, the Police Department of the City and County of Honolulu, and the Hawaii State Teachers Association.

Currently, members who purchase service credit by payroll deductions or lump sum must do so on an after-tax basis. Under certain conditions as provided in this bill, the Internal Revenue Service permits employee contributions by payroll deductions to be treated on a pre-tax basis. This results in the federal income tax deferral of employee contributions until distribution is made.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1814, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1814, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 1209 Health and Environment on H.B. No. 1984

The purpose of this bill is to appropriate funds to support adolescent substance abuse treatment efforts in a family-like setting for teens who are dependent on drugs and alcohol.

Your Committee received numerous testimonies in support of this bill. The City and County of Honolulu Police Department, Oahu Filipino Community Council, Bobby Benson Center, Department of Human Services Office of Youth Services, Hina Mauka, and 12 teens from Hina Mauka TEEN C.A.R.E. supported this bill. The Department of Health indicated that it supports the intent of this bill, however, has limited funds to provide adolescent substance abuse treatment. The Department of Health recognized the need for more public-funded bed slots and school based treatment programs and indicated its support for additional funding, provided that it does not compromise the priorities in their administrative budget request.

After thorough review of the merits of the above stated testimony, your Committee finds that this bill should be passed with amendments. The cost assessment for two additional school based treatment programs (\$90,000 each) plus five additional adolescent residential treatment slots on Oahu (\$54,750 each) amounts to \$453,750. Your Committee has amended this bill by inserting the amount of \$453,750 to fund treatment programs for teens who are dependent on drugs.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1984, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1984, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1210 Human Resources on H.B. No. 1615

The purpose of this bill is to clarify the method of computing the amount of compensation to be paid an employee who is hired after June 30, 1997, and who is terminated with accrued vacation allowance due and owing.

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

Your Committee finds that under exiting laws and practices, when a state employee is terminated and a decision is made to compensate the employee for accumulated and accrued vacation, the applicable pay rates in effect at the time payment is made is used to compute the amount due and owing. In light of the State's current fiscal condition, your Committee finds that effective June 30, 1997, the computation should be based on applicable pay rates at the time the employee is terminated. Because this bill applies to employees hired after June 30, 1997, there is no impact on existing employees, nor is there intent of your Committee to evade collective bargaining obligations under chapter 89, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1615 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 1211 Human Resources on H.B. No. 1617

The purpose of this bill is to provide that all decisions of the State and counties approving or disapproving employee suggestions for innovation awards shall be final and be a discretionary function.

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

Your Committee does not intend that the innovation awards program impact on wages, hours, and conditions of employment under law.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1617, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 1212 Human Resources on H.B. No. 1906

The purpose of this bill is clarify the composition of the committee to implement the employer-union trust concept for determining and administering public employee and retiree health benefits and to require the committee to submit progress reports to the legislature.

Your Committee received testimony in support of this bill from the Hawaii State Teachers Association, Hawaii Government Employees Association, the Coalition of Hawaii State/County Retirees, Inc., and Hawaii State Teachers Association - Retired. Informational testimony was received from the Department of Budget and Finance.

Your Committee finds that a health fund system based on an employer-union trust concept has real and significant potential for realizing greater benefits at reduced costs. Your Committee further finds that any discussion on the type of system for operating the health fund would be inadequate without considering health fund benefits paid to retiree member beneficiaries and their spouses who are also enrolled in Medicare.

Your Committee has amended this bill by:

- (1) Adding a purpose section;
- (2) Adding a requirement that the health fund pay the same amount of benefits to those enrolled in Medicare, whether through the health fund plan or a union plan;
- (3) Deleting the requirement for interim reports and requiring one report prior to the convening of the 1998 session;
- (4) Requiring that the committee include in its report:
 - (A) Any improvements that could be made to the health fund, including Medicare B coverages; and
 - (B) The feasibility and cost of providing long-term care benefits, and an operational plan for implementing it;
 and
- (5) Sunsetting the committee on January 31, 1998.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1906, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1906, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 1213 Economic Development on H.B. No. 546

The purpose of this bill is to authorize the Governor to designate up to two renaissance zones, neither exceeding fifteen years in duration, in each county based upon certain criteria. Persons located and operating within a renaissance zone would be exempt from the state income tax and general excise tax, subject to gradual reductions over the last three years of eligibility.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism (DBEDT), with recommended changes, the Department of Taxation, the Mayor of Kauai County, and two Kauai County Councilmembers.

Your Committee finds that the State's current enterprise zone program seeks to stimulate, via tax and other incentives, specific types of business activity and employment in areas where they are most needed or appropriate. Each county can select up to six areas for twenty-year enterprise zone designation. Qualifying businesses receive complete general excise tax exemption and two declining partial state income tax credits for seven years. Counties must also contribute to the enterprise zone incentive package.

Your Committee further finds that a renaissance zone, if structured appropriately, can complement the existing enterprise zone program by making it possible to extend enterprise zone-type tax benefits to selected businesses that may not be enterprise zone-eligible, or to offer additional incentives to enterprise zone-eligible businesses.

Your Committee has amended this measure by:

- (1) Authorizing the Governor to designate up to two renaissance zones in each county in the State, and one renaissance zone business in each such renaissance zone eligible for tax incentives under this measure;
- (2) Providing that the duration of renaissance zones shall not exceed ten, rather than fifteen, years;
- (3) Clarifying the criteria to be considered by the Governor in selecting a renaissance zone and a renaissance zone business;
- (4) Reducing the amount of tax exemptions during the last five years, rather than three years, of taxpayer eligibility;
- (5) Deleting as unnecessary, the provision in section -7(c) relating to the effective date of the exemption and adding a provision authorizing DBEDT to negotiate agreements with renaissance zone businesses requiring the payback of deferred taxes if specific performance objectives are not met;
- (6) Deleting the requirement that public meetings of DBEDT and the review board be held in compliance with chapter 92, Hawaii Revised Statutes; and
- (7) Making numerous conforming and other technical changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 546, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 546, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Bunda, Iwase, Solomon, Slom).

SCRep. 1214 Human Resources on H.B. No. 1798

The purpose of this bill is to require the Board of Trustees of the Employees' Retirement System to release records of retirants and beneficiaries to the Hawaii Public Employees Health Fund for purposes of disbursement of payments to employee-beneficiaries under the Medicare plan.

Your Committee received testimony in support of this bill from the Hawaii Public Employees Health Fund, the Hawaii Government Employees Association and the Hawaii State Teachers Association.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1798 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 1215 Education on H.B. No. 130

The purpose of this bill is to appropriate an unspecified sum in fiscal year 1997-1998 to continue the innovation and incentive grant trust fund.

Your Committee received testimony supporting this measure from an interested citizen. The Department of Education supported this measure with funding reservations. Testimony opposing this measure was received from an interested citizen.

Your Committee finds that the incentive and innovation grant trust fund was established for the purpose of encouraging schools and teachers to develop, test, and evaluate experimental and innovative instructional programs, in-service training, and other activities that would improve student achievement.

Your Committee further finds that the programs that are funded by the incentive and innovation grant trust fund are very worth while programs. Currently, the Department of Education does not have alternate sources of funding in place for maintenance of these proven programs once the incentive and innovation grant funding ends. Additionally, lapse of these proven programs would amount to non-achievement of the educational goals for Hawaii.

Your Committee amended this bill by inserting \$1 into the appropriation section and including a proviso that requires the incentive and innovation grant trust fund to provide adequate resources to maintain programs at Kawanakoa Intermediate School, Kaimuki High School, Kaiser High School, Palolo Elementary School, Jarrett Intermediate School, Pearl Ridge Elementary School, Kaimiloa Elementary School, Kohala High School, and Kohala Intermediate School.

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. 130, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 130, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Ige, D., Sлом).

SCRep. 1216 (Joint) Education and Human Resources on H.B. No. 2032

The purpose of this bill is to establish on a pilot basis the School-To-Work Opportunities System. This bill also establishes the School-To-Work Opportunities Executive Council as the governing board for the System.

Your Committees received testimony supporting this measure with suggested amendments from the University of Hawaii, the Hawaii School-To-Work Opportunities Executive Council, Nanakuli High and Intermediate School, and the Leeward School-To-Work Regional Partnership which suggested amendments. The Department of Education provided testimony supporting this measure with funding reservations. The Hawaii State Teachers Association, the Department of Business, Economic Development, and Tourism, and the Department of Labor and Industrial Relations provided testimony supporting this measure.

Your Committees find that there is a national effort to restructure and reform education by developing new school curricula and workplace learning experiences to stimulate student learning, to provide a sound foundation for continued education and training, and to prepare a workforce that can meet the changing expectations of the economy.

Your Committees further find that Hawaii was a successful applicant in 1995 for federal funds to support the planning and implementation of a statewide School-To-Work System. The grant provides \$10,200,000 over a five-year period as seed money to help build the new system.

Your Committees note that a teacher-coordinator at the Leeward School-To-Work Regional Partnership observed that many students have discovered reasons for staying in school and doing well after they have spent time at worksites and were helped to make meaningful connections in school.

Your Committees believe the School-To-Work effort is the most promising of all recent educational reform efforts and strongly supports this System.

Your Committees amended this bill by substituting its contents with language from S.B. No. 1045, S.D. 1. Essentially, the new language:

- (1) Deletes the words "pilot basis" to remove the connotation that this is a temporary initiative, and correspondingly deleted the repeal date;
- (2) Adds a new part to chapter 302A, Hawaii Revised Statutes, entitled School to Work Opportunities, that establishes the executive council, powers of the council, staff, contracting powers, and organizational relationships;
- (3) Deletes all references to matching funds;
- (4) Requires that council membership consist of six executive heads of state agencies whose length of service is limited to the terms of their cabinet appointments, and include representatives from local or regional partnerships, a student member, and a voting majority representing business, industry, labor, and community organizations which include regional representations from all counties;
- (5) Authorizes the governor to fill unexpired term vacancies; and
- (6) Deletes the minimum number of Executive Council members and the number required to be governor appointed.

As affirmed by the records of votes of the members of your Committees on Education and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2032, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2032, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 5 (Fernandes Salling, Fukunaga, Levin, Metcalf, Anderson).

SCRep. 1217 (Joint) Human Resources and Education on H.B. No. 133

The purpose of this bill is to develop a globally competitive and skilled Hawaii workforce by encouraging greater employer participation in school-to-work activities by clarifying coverage of workers' compensation for students in work-based learning situations.

The Departments of Labor and Industrial Relations and Education, the University of Hawaii, the Hawaii School-to-Work Opportunities Executive Council, the Hawaii State Teachers Association, and the Hawaiian Electric Company testified in support of the measure. The County of Hawaii's Department of Civil Service submitted comments on the bill.

Upon careful consideration, your Committees have amended the bill upon the recommendation of the Department of Labor and Industrial Relations as follows:

- (1) By codifying in section 302A-431, Hawaii Revised Statutes, the requirement that the Department of Education and the University of Hawaii submit a biennial report to the Legislature to identify the cost impacts to the State of the workers' compensation coverage; and
- (2) By making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Human Resources and Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 133, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 133, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 5 (Fernandes Salling, Ige, D., Ige, M., Sakamoto, Anderson).

SCRep. 1218 (Joint) Human Resources and Education on H.B. No. 867

The purpose of this bill, as received, is to allow the University of Hawaii employees to elect to participate in an optional retirement plan under the university.

Your Committees received testimony in support of this bill, as received, from the University of Hawaii, the University of Hawaii Professional Assembly, and the Teachers Insurance and Annuity Association-College Retirement Equities Fund. The Hawaii Government Employees Association testified in opposition to the measure. The Auditor also submitted comments on the feasibility of establishing an optional retirement plan for University of Hawaii Faculty.

Your Committees have amended this bill by:

- (1) Replacing its contents with provisions to require all new ERS members to become either class A or B members, effective July 1, 1998;
- (2) Requiring the ERS to conduct a study to determine the fiscal ramifications of converting all present ERS members to contributory membership and to report to the Legislature before the commencement of the 1998 session; and
- (3) Requiring the ERS to include in its annual reports an audit of its financial and management practices.

Your Committees believe that reverting the ERS back to a wholly contributory plan would greatly benefit members.

As affirmed by the records of votes of the members of your Committees on Human Resources and Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 867, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 867, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 5 (Fernandes Salling, Ige, D., Ige, M., Sakamoto, Anderson).

SCRep. 1219 Human Resources on H.B. No. 1706

The purpose of this bill is to temporarily suspend employer assessments for contributions to the employment and training fund (fund).

Your Committee received testimony in support of this bill from the Department of Business, Economic Development, and Tourism, Department of Labor and Industrial Relations, National Federation of Independent Businesses, the Hawaii Business League, and the Chamber of Commerce. Testimony in opposition was received from the Hawaii State AFL-CIO.

The unemployment insurance training fund was established in 1991. Act 68, 1991, Session Laws of Hawaii. At the time of its creation, significant reductions in unemployment insurance rates were granted to employers. As a result of the 1991 amendments employers were afforded millions of dollars of relief from contributions to the unemployment insurance trust fund. Now, employers propose further economic relief because the level of training fund has exceeded \$8,000,000.

Although your Committee finds that partial relief is warranted for employers, renewed commitments should be made by employers, as well as employees (and their representatives) to prevent short term and long term unemployment where possible. We believe all parties should engage in a cooperative effort to resolve labor disputes which have potentially devastating effects on the labor market. Training fund resources should be available for such a public purpose.

Accordingly, this bill grants eighteen months of economic relief to employers. We have amended the bill to encourage employers and employees to resolve labor disputes through arbitration. States have the right to establish applicable criteria for eligibility and disqualifications consistent with local interests. *Baker v. General Motors Corp.*, 478 U.S. 621 (1986). Employees who make a bona fide offer of binding arbitration in a labor dispute context shall no longer be disqualified for their unemployment which result through no fault of their own. We have further amended this bill to extend the moratorium on employer assessments from eighteen months to two years and to require the Department of Labor to report to the legislature on the advisability of continuing the moratorium and justification for its conclusion.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1706, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1706, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 1220 Human Resources on H.B. No. 1809

The purpose of this bill is to:

- (1) Authorize the use of rate credits or reimbursements from any insurance carrier or self-insured plan, as well as any interest or earning, to stabilize future health benefit plan or long-term care benefit plan rates and for other expenses authorized through legislative appropriation; and
- (2) Require that excess rate credits or reimbursements from any insurance carrier or self-insured plan, or any interest or earning, shall be returned to the appropriate general fund if derived from:
 - (A) A health benefits plan for retirees, surviving spouses of deceased retirees, or employees killed in the performance of their duty; or
 - (B) A health benefits plan for employees based on a portion financed by the State or a county on behalf of the employees.

Testimony in support of the bill was submitted by the Department of Budget and Finance. The Hawaii State Teachers Association, members of the Hawaii Government Employees Association, and the Coalition of State/County Retirees opposed passage of the bill. The Hawaii Public Employees Health Fund (HPEHF) provided comments.

Your Committee has amended the bill by deleting its substance and inserting provisions that allow the HPEHF to retain all insurance rate credits and reimbursements and interest therefrom for the purpose of financing employer and employee contributions and to improve benefits.

The amendment reverts the language of section 87-3, Hawaii Revised Statutes, to how it read prior to Act 183, Session Laws of Hawaii 1995, which changed the law to require that the subject funds be returned to the general fund of the State or appropriate county. Your Committee believes that the funds should remain in the HPEHF to enable it to fulfill its obligations.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1809, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1809, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 1221 Education on H.B. No. 2161

The purpose of this bill is to prohibit the assignment of probationary teachers to special needs schools.

Your Committee circulated a proposed draft of the bill and received testimony supporting the measure from the Hawaii State Teachers Association. The Department of Education supported the intent of the bill with reservations.

Your Committee finds that only through community and parental involvement in our schools can students realize their full potential and contribute to a better Hawaii.

Your Committee further finds that while the phrase "technology in education" has been adopted as the direction for education into the next century, the concept has remained vague in both definition and application. Technology applied without vision, clear objectives, and plans for implementation can be needlessly expensive and inefficient, and can expose the children of Hawaii to unanticipated harm.

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

- (1) Adding a new section to chapter 302A, Hawaii Revised Statutes (HRS), and amending sections in chapter 37 and chapter 302A, HRS, to provide schools with the authority to manage their own resources;
- (2) Appropriating \$1,949,940 in fiscal year 1997-1998, and \$2,597,520 in fiscal year 1998-1999, to expand the success compact program and to support school literacy development initiatives by hiring ten resource teachers and providing substitute hires for staff development;
- (3) Providing working definitions for education related technology;
- (4) Establishing statewide master plans for the acquisition, implementation, maintenance, and upgrade of technology;
- (5) Establishing a statewide master plan for the use of technology in the classroom including curriculum development and integration with traditional education resources;
- (6) Establishing policies and procedures for the actual use of technology by students and school administrators;
- (7) Upgrading the wide area network for increasing instructional and administrative network use;
- (8) Implementing a human resources system that will integrate personnel administration, recruitment, position management, payroll, and benefits recordkeeping;

- (9) Upgrading and maintaining the Student Information System software and purchasing application servers for all schools statewide;
- (10) Continuing implementation of the data warehouse and educational processes systems;
- (11) Procuring supplies and equipment to expand the school local area network video and voice network connection capabilities to more classrooms; and
- (12) Expanding the distance learning/electronic schools and accompanying multi-media learning materials and necessary personnel for the broadcast and production of new educational programs for broadcast and offering on-line.

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. 2161, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2161, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 1222 Education on Gov. Msg. No. 192

Recommending that the Senate advise and consent to the nomination of RAYMOND S. ONO to the Western Interstate Commission for Higher Education (WICHE), term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 1223 (Joint) Human Resources and Ways and Means on H.B. No. 139

The purpose of this bill is to amend the manner in which retirement benefits are calculated for elective officers and officials, executive officers, legislative officers, and judges.

Specifically, as of November 3, 1998, the bill:

- (1) Repeals the provision allowing elective officers, legislative officers, and judges to obtain retirement benefits at any time after ten years of service, regardless of age, and conforms the minimum age for receipt of retirement benefits to that of other contributory class public employees;
- (2) Provides that the years of service and pension accrual rates earned as elective officers, executive officers, legislative officers, and judges, are to be computed separately from all other service earned by the member;
- (3) Removes the seventy-five percent cap on an elective officer's, executive officer's, legislative officer's, and judge's average final compensation computation in order to allow such members the opportunity to earn up to one hundred percent of their average final compensation as their retirement pension; and
- (4) Defines executive officers (governor or lieutenant governor at the state level, and mayors, councilmembers, and prosecuting attorneys at the county level) and legislative officers (a chief clerk, an assistant chief clerk, a sergeant-at-arms, or an assistant sergeant at arms of either house of the Legislature).

The Department of Budget and Finance and the Hawaii State Teachers Association testified in support of the intent of this measure. The Employees' Retirement System, the Democratic Party of Hawaii, and Common Cause of Hawaii submitted comments on the bill.

Your Committees find that over the past few years, much has been made over the accelerated retirement benefits received by elective officers, judges, and certain legislative officers in relation to other state employees who participate in the State's contributory and noncontributory retirement programs.

Under section 88-45, Hawaii Revised Statutes, all Class A and Class B contributory members contribute 7.8% of their salary to the Annuity Savings Fund as a means for employees to pay for a portion of their retirement benefits. In the case of Class B contributory members who are firefighters, police officers, corrections officers, investigators of the Attorney General's or Prosecuting Attorney's office, narcotics enforcement investigators, and water safety officers, these employees contribute 12.2% of their salary for this purpose. What follows is a synopsis of what elected officers, judges, and certain legislative officers receive for their contribution to the Employees' Retirement System.

According to section 88-74(3), Hawaii Revised Statutes, a person who serves as an elective officer, judge, or as a clerk, assistant clerk, sergeant-at-arms, or assistant sergeant-at-arms of either house of the Legislature, is entitled to 3.5% of the person's Average Final Compensation upon retirement from the system in addition to an annuity that is the actuarial equivalent of the member's accumulated contributions allocable to the period of legislative or judicial service. Under this provision of law, elective officers, judges, clerks, assistant clerks, sergeants-at-arms, and assistant sergeants-at-arms of either house of the Legislature, are provided with two benefits not afforded to other general service public employees - an accelerated pension accrual rate and an annuity.

The accelerated pension accrual rate is provided for each year of service as an elective officer, judge, or as a clerk, assistant clerk, sergeant-at-arms, or assistant sergeant-at-arms of either house of the Legislature, regardless of the number of years a person serves in such a capacity. However, to receive a pension for public service, a member who has credited service as an elective officer or judge must amass a minimum service requirement totaling ten years or more. For example, a person serving as a judge for six years will receive the accelerated 3.5% rate for those six years but will have to work an additional four years in some creditable public service capacity (not necessarily as a judge or an elective officer) in order to qualify for retirement benefits.

In addition to the accelerated pension accrual rate, elective officers and judges receive an annuity (which is based on the member's accumulated contributions) to supplement their retirement allowance. While the total retirement allowance including the annuity is subject to the seventy-five percent retirement allowance restriction, any portion of the member's accumulated contributions in excess of the seventy-five percent ceiling is returned to the member. The annuity provided to elective officers and judges is not provided to any other benefit class.

Upon attaining ten years of creditable service, elective officers, judges, clerks, assistant clerks, sergeants-at-arms, and assistant sergeants-at-arms of either house of the Legislature, are eligible to receive retirement benefits, including free health insurance, regardless of their age, upon retirement. In cases where an elective officer, judge, clerk, assistant clerk, sergeant-at-arms, or assistant sergeant-at-arms of either house of the Legislature, has creditable service other than as an elective officer, judge, clerk, assistant clerk, sergeant-at-arms, or assistant sergeant-at-arms of either house of the Legislature, that portion of the pension benefit will be subject to the age restrictions of the benefit class under which the service was credited.

Upon careful consideration, your Committees have amended the bill by:

- (1) Deleting the findings section (section 1);
- (2) Deleting the definitions of "executive officer" and "legislative officer" (section 2);
- (3) Deleting sections 3 and 4 (repeal of the "Act 90" retirement option);
- (4) Making the bill apply to only former nonretired, current, and future elective officers;
- (5) Bifurcating, rather than trifurcating, benefits by confining an elective officer's accelerated (3.5%) pension rate accrual to only the highest three years of elected office salary and then combining any subsequent retirement benefits accrued on any nonelective, public sector employment with the elective officer retirement benefits. Such a bifurcated formula is as follows:

$$\begin{aligned} X \times .035 \times AFC1 &= \text{Elective officer pension} \\ Y \times .02 \times AFC2 &= \text{Nonelective officer pension} \end{aligned}$$

$$\begin{array}{r} \text{Elective officer pension} \\ \text{Nonelective officer pension} \\ + \text{Annuity} \\ \hline = \text{Total pension} \end{array}$$

$$\begin{aligned} X &= \text{Total years of service as an elective officer} \\ Y &= \text{Total years of public sector service as a nonelective officer} \end{aligned}$$

$$\begin{aligned} AFC1 &= \text{Average monthly salary for highest three years as an elective officer} \\ AFC2 &= \text{Average monthly salary for highest three years of public sector service as a nonelective officer;} \end{aligned}$$

- (6) Removing the proposed language that requires elective officers to attain the age of fifty-five in order to qualify for retirement benefits;
- (7) Allowing judges, clerks, assistant clerks, sergeant-at-arms, and assistant sergeant-at-arms to retain their current retirement benefit status;
- (8) Adding a severability clause; and
- (9) Making the bill effective July 1, 1997, or, if a member with service credit as an elective officer is still in elective office, then at the end of that elective officer's current term of office.

Your Committees believe that the bill, as amended, adjusts the retirement benefits for elective officers in a fair and just manner while still providing these individuals with equitable retirement benefits. Recognizing the concerns raised over the application of Article XVI, Section 2, of the State Constitution, which provides that the accrued benefits of members in the Employees' Retirement System may not be diminished or impaired, your Committees have provided that the new benefit calculation will take effect when the current term of office of an elective officer expires (the general election date of 1998 or 2000, as the case may be). It is the intent of your Committees that the general election effective date shall apply even if an elective officer resigns from office prior to that general election date to maintain uniformity. Through discussions with the Attorney General, your Committees are confident that the timeframe in which the bill is to be effectuated will withstand constitutional challenge.

As affirmed by the records of votes of the members of your Committees on Human Resources and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 139, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 139, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 14. Noes, none. Excused, none.

SCRep. 1224 Economic Development on S.C.R. No. 222

The purpose of this concurrent resolution is to establish a blue ribbon committee to evaluate the effectiveness of the State's net energy metering law.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism and the Hawaii Renewable Energy Alliance. Testimony in opposition to the concurrent resolution was submitted by Hawaiian Electric Company, Inc. and its subsidiary companies, Hawaii Electric Light Company, and Maui Electric Company.

Your Committee finds that net energy metering is a promising means of encouraging and supporting private investment in small-scale, utility-interconnected renewable energy systems that generate electricity. An effective net energy metering program will promote renewable energy development, diversify the State's resource mix, and stimulate the local economy.

Your Committee further finds, however, that Hawaii's current net energy metering law is not consistent with the net metering laws or policies that are in place in sixteen other states on the mainland. Testifiers from the renewable energy industry have indicated that current law adds nothing to the utility's existing purchase policies and therefore does little to encourage new investment.

While bills to amend the current net energy metering law were introduced in the Eighteenth Legislature, a number of technical questions were raised but not resolved. This measure will provide the forum for continued and careful study of this important issue and help to identify needed changes and improvements for consideration by the 1998 Legislature.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 222 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Chumbley, Kawamoto, Matsunaga, Solomon).

SCRep. 1225 Economic Development on S.R. No. 108

The purpose of this resolution is to establish a blue ribbon committee to evaluate the effectiveness of the State's net energy metering law.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism and the Hawaii Renewable Energy Alliance. Testimony in opposition to the resolution was submitted by Hawaiian Electric Company, Inc. and its subsidiary companies, Hawaii Electric Light Company, and Maui Electric Company.

Your Committee finds that net energy metering is a promising means of encouraging and supporting private investment in small-scale, utility-interconnected renewable energy systems that generate electricity. An effective net energy metering program will promote renewable energy development, diversify the State's resource mix, and stimulate the local economy.

Your Committee further finds, however, that Hawaii's current net energy metering law is not consistent with the net metering laws or policies that are in place in sixteen other states on the mainland. Testifiers from the renewable energy industry have indicated that current law adds nothing to the utility's existing purchase policies and therefore does little to encourage new investment.

While bills to amend the current net energy metering law were introduced in the Eighteenth Legislature, a number of technical questions were raised but not resolved. This measure will provide the forum for continued and careful study of this important issue and help to identify needed changes and improvements for consideration by the 1998 Legislature.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 108 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Chumbley, Kawamoto, Matsunaga, Solomon).

SCRep. 1226 Economic Development on S.C.R. No. 248

The purpose of this concurrent resolution is to request the Legislative Reference Bureau (LRB) to conduct a study on alternative funding options for tourism marketing and promotion.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism (DBEDT), and the Hawaii Visitors and Convention Bureau.

Your Committee finds that the continued success of the visitor industry is vital to the State's economic recovery. As such, it is important for the State to review fundamental issues regarding the funding, organizational structure, and management of its tourism marketing program.

Your Committee believes that the study called for by this measure is timely given that it goes beyond the short-run problem of the present weak forecast for the visitor industry, and will focus on long-term options for increased public-private sector cooperation for tourism promotion.

Your Committee notes that DBEDT indicated its willingness to assist LRB with this study.

Your Committee has amended this measure by broadening the study to include corresponding outcomes that may be possible with the various funding options, and by requesting LRB to include recommendations for improving accountability and the measurement of performance targets and objectives.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 248, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 248, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Chumbley, Kawamoto, Matsunaga, Solomon).

SCRep. 1227 Economic Development on S.R. No. 124

The purpose of this resolution is to request the Legislative Reference Bureau (LRB) to conduct a study on alternative funding options for tourism marketing and promotion.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism (DBEDT), and the Hawaii Visitors and Convention Bureau.

Your Committee finds that the continued success of the visitor industry is vital to the State's economic recovery. As such, it is important for the State to review fundamental issues regarding the funding, organizational structure, and management of its tourism marketing program.

Your Committee believes that the study called for by this measure is timely given that it goes beyond the short-run problem of the present weak forecast for the visitor industry, and will focus on long-term options for increased public-private sector cooperation for tourism promotion.

Your Committee notes that DBEDT indicated its willingness to assist LRB with this study.

Your Committee has amended this measure by broadening the study to include corresponding outcomes that may be possible with the various funding options, and by requesting LRB to include recommendations for improving accountability and the measurement of performance targets and objectives.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 124, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 124, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Chumbley, Kawamoto, Matsunaga, Solomon).

SCRep. 1228 Economic Development on S.C.R. No. 249

The purpose of this concurrent resolution is to request the Department of Business, Economic Development, and Tourism (DBEDT) to conduct a comprehensive study, in collaboration with the Senate Committee on Economic Development and the House Committee on Tourism, of Hawaii's sports tourism industry and to formulate with those Committees an aggressive, proactive sports tourism plan.

Your Committee received testimony in support of this measure from DBEDT.

Your Committee finds that sports tourism is a large and rapidly growing segment of the State's visitor industry, with great potential for expansion. It is an industry, however, in which competition is intensifying among major visitor destinations around the world. As such, it is vitally important for the State to develop a comprehensive strategic plan for future expansion of this promising sector of the visitor industry.

Your Committee has amended this measure by making reference to the benefits received by Hawaii's counties from sporting events, and to the potential benefits from new events like tennis, gateball, and pre and post Olympic activities.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 249, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 249, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Chumbley, Kawamoto, Matsunaga, Solomon).

SCRep. 1229 Economic Development on S.R. No. 125

The purpose of this resolution is to request the Department of Business, Economic Development, and Tourism (DBEDT) to conduct a comprehensive study, in collaboration with the Senate Committee on Economic Development and the House Committee on Tourism, of Hawaii's sports tourism industry and to formulate with those Committees an aggressive, proactive sports tourism plan.

Your Committee received testimony in support of this measure from DBEDT.

Your Committee finds that sports tourism is a large and rapidly growing segment of the State's visitor industry, with great potential for expansion. It is an industry, however, in which competition is intensifying among major visitor destinations around the world. As such, it is vitally important for the State to develop a comprehensive strategic plan for future expansion of this promising sector of the visitor industry.

Your Committee has amended this measure by making reference to the benefits received by Hawaii's counties from sporting events, and to the potential benefits from new events like tennis, gateball, and pre and post Olympic activities.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 125, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 125, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Chumbley, Kawamoto, Matsunaga, Solomon).

SCRep. 1230 Human Resources on S.C.R. No. 26

The purpose of this concurrent resolution is to urge the state and private agencies to make a concerted effort to provide services such as youth centers for the youth in the Waialua and Laie regions.

Testimony was received from the Office of the Governor, Department of Human Services-Office of Youth Services and Kahuku High Health Learning Center in support of this measure.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 26 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 1231 (Joint) Human Resources and Judiciary on S.C.R. No. 153

The purpose of this concurrent resolution is to create a task force to study the data and issues regarding teenagers who are victims of domestic violence and recommend methods for addressing the services and shelter needs of these minors.

Your Committees received testimony in support of this concurrent resolution from the Office of Youth Services, the Department of Human Services, the Hawaii State Commission on the Status of Women, the Hawaii Women's Coalition, Hawaii Youth Services Network (HYSN), Child & Family Service, and one private citizen.

Your Committees find that minors who are victims of partner abuse comprise a "gap group" of people who have difficulty obtaining appropriate safe and secure shelter. However, the number of youth who are affected and the issues they present to emergency shelters and domestic violence shelters have not been adequately studied and documented. Without this underlying information, it is difficult to make realistic recommendations for appropriate services for these teens.

Your Committees have adopted the recommendations of Child & Family Service and amended this concurrent resolution by:

- (1) Qualifying the study to address the needs of minors ages fourteen through eighteen who are the victims of partner abuse and who are unable to obtain safe and secure shelter; and
- (2) Reducing the list of task force representatives to those programs directly involved with the issues of sheltering minors.

As affirmed by the records of votes of the members of your Committees on Human Resources and Judiciary that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 153, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 153, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1232 Commerce, Consumer Protection, and Information Technology on H.B. No. 1

The purpose of this bill is to establish identification and informational marking requirements for motor carrier vehicles.

Your Committee received testimony in support of this measure from the Department of Transportation and Hawaii Transportation Association.

Your Committee finds that various state and federal regulations cover most carriers with appropriate name marking requirements. However, none of the agencies require similar rules for private carriers operating in intrastate commerce. This may lead to confusion by carriers as to whether they must comply with the requirements.

Your Committee agrees that extending the identification requirements to all motor carrier vehicles will alleviate this compliance confusion. Your Committee has amended subsection (e) so that this section applies to vehicles under a rental agreement of more than thirty days. Your Committee has also made technical, nonsubstantive amendments to conform to standard drafting format.

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

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 1233 Commerce, Consumer Protection, and Information Technology on H.B. No. 345

The purpose of this bill is to provide consumers with rate relief by allowing insurers to file:

- (1) Lower rates; and
- (2) Rates that restore or partially restore those that were in effect on January 1, 1997,

without prior approval of the Insurance Commissioner.

Your Committee received testimony in support of this measure from the Insurance Commissioner, with an amendment.

Your Committee finds that section 431:14-104(k)(3), Hawaii Revised Statutes (HRS), would provide consumers with rate relief earlier than state law currently allows. However, subsection (k)(4), as proposed, would allow for the possibility of rate increases without prior approval of the Commissioner. Numerous insurers filed commercial or personal lines rate decreases after January 1, 1997, and returning to earlier rates could result in an immediate increase instead of increases which must follow a waiting period and review process under current law.

Your Committee is in agreement that this would not be in the best interest of consumers and has amended the bill by deleting subsection (k)(4).

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 345, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 345, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Solomon).

SCRep. 1234 Commerce, Consumer Protection, and Information Technology on H.B. No. 1216

The purpose of this bill is to:

- (1) Clarify which insurance laws of the State are applicable to association captive insurance companies, including risk retention captive insurance companies; and
- (2) Give the insurance commissioner authority to adopt rules regulating the financial oversight of such companies.

Your Committee received written testimony in support of this measure from the Insurance Commissioner, the Hawaii Captive Insurance Council, Alexander & Alexander, Becher + Carlson Companies, Hawaii Captive Insurance Management, Inc., Johnson & Higgins Services, Inc., and Marsh & McLennan.

Your Committee finds that captive insurance companies are a growing industry for the State, with 50 now licensed in Hawaii. These companies represent an economic benefit in the form of employment and premium taxes and the industry is one of the few that has experienced positive economic growth in Hawaii in the past five years.

Your Committee is in support of this measure but finds that Section 2 of the bill as received would not preserve the amendments made by the bill in understandable form. Your Committee has amended section 2 to clarify the intent to retain all amendments to section 431:19-115, Hawaii Revised Statutes, which on June 30, 2000, would otherwise have reverted to the form in which it read on June 20, 1994.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1216, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1216, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1235 Commerce, Consumer Protection, and Information Technology on H.B. No. 1864

The purpose of this bill is to require, effective September 1, 2000, that applicants for acupuncture licensure graduate from an acupuncture school that is accredited or recognized as a candidate for accreditation by the appropriate government agency.

Your Committee received testimony in support of the bill, with suggested amendments, from the Department of Commerce and Consumer Affairs (DCCA) and Tai Hsuan Foundation.

Your Committee previously heard S.B. No. 1498, the companion to this House measure.

Your Committee finds that the Board of Acupuncture (Board) has reconsidered its position on the subject of clinical training for licensure. Initially the Board adopted a policy that clinical training should be permitted in a tutorialship under the supervision of a licensed acupuncturist not affiliated with an accredited school, as well as in an accredited acupuncture school. The Board recently determined that the option of completing clinical training through a tutorialship was unnecessary because accredited schools would provide the clinical training as part of the curriculum.

Your Committee concurs with the changes proposed by the DCCA and has amended the bill by eliminating the option of completing clinical training under the supervision of a licensed acupuncturist not affiliated with an institute or school.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1864, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1864, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1236 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 157

Recommending that the Senate advise and consent to the nomination of DOSS K. TANNEHILL to the Board of Dispensing Opticians, term to expire June 30, 2000.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Kanno).

SCRep. 1237 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 182

Recommending that the Senate advise and consent to the nominations of GARY LEE and MILTON Y. MIGITA to the State Board of Barbers, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Kanno).

SCRep. 1238 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 183

Recommending that the Senate advise and consent to the nomination of ANNA C. KAOHELAULII to the State Board of Chiropractic Examiners, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Kanno).

SCRep. 1239 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 185

Recommending that the Senate advise and consent to the nomination of HIDEO ABE to the Credit Union Advisory Board, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Kanno).

SCRep. 1240 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 188

Recommending that the Senate advise and consent to the nomination of LANCE H. SHIBATA to the Elevator Mechanics Licensing Board, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Kanno).

SCRep. 1241 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 194

Recommending that the Senate advise and consent to the nominations of HENRY N.J. LEE and CATHERINE L. YOZA to the State Boxing Commission of Hawaii, terms to expire June 30, 2000.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Kanno).

SCRep. 1242 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 199

Recommending that the Senate advise and consent to the nomination of DOUGLAS K. MUKAI to the Board of Massage Therapy, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Kanno).

SCRep. 1243 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 200

Recommending that the Senate advise and consent to the nominations of WAYNE G. CARVALHO and FRANK LAFITA to the Board of Private Detectives and Guards, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Kanno).

SCRep. 1244 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 201

Recommending that the Senate advise and consent to the nomination of TERRI LYNNE NEEDELS, Ph.D. to the Board of Psychology, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Kanno).

SCRep. 1245 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 202

Recommending that the Senate advise and consent to the nomination of JOHN OHAMA to the Real Estate Commission, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Kanno).

SCRep. 1246 Transportation and Intergovernmental Affairs on S.C.R. No. 217

The purpose of this concurrent resolution is to request the Department of Accounting and General Services, and the Department of Transportation to conduct an inventory of all parking spaces owned and operated by the State of Hawaii, and a survey of parking fees charged by private parking operators in the Honolulu business district. Based on the information obtained by the inventory and survey, the departments are requested to develop a graduated parking fee schedule.

Your Committee received testimony in support of the intent of this concurrent resolution from the Department of Transportation.

Your Committee finds that the increasing traffic congestion and its impact on the central business district of Honolulu are serious and growing problems which impede the economic efficiency of that area.

Your Committee is committed to taking steps to reduce traffic congestion and encourages car pooling among State of

Your Committee has amended this concurrent resolution by clarifying that the Department of Accounting and General Services in coordination with the Department of Transportation will obtain from sources available a current survey of parking fees charged by private parking operators in the Honolulu business district, rather than conducting a new survey.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 217, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 217, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1247 Transportation and Intergovernmental Affairs on S.R. No. 104

The purpose of this resolution is to request the Department of Accounting and General Services, and the Department of Transportation to conduct an inventory of all parking spaces owned and operated by the State of Hawaii, and a survey of parking fees charged by private parking operators in the Honolulu business district. Based on the information obtained by the inventory and survey, the departments are requested to develop a graduated parking fee schedule.

Your Committee received testimony in support of the intent of this resolution from the Department of Transportation.

Your Committee finds that the increasing traffic congestion and its impact on the central business district of Honolulu are serious and growing problems which impede the economic efficiency of that area.

Your Committee is committed to taking steps to reduce traffic congestion and encourages car pooling among State of Hawaii employees, and finds merit in developing a graduated parking fee schedule.

Your Committee has amended this concurrent resolution by clarifying that the Department of Accounting and General Services in coordination with the Department of Transportation will obtain from sources available a current survey of parking fees charged by private parking operators in the Honolulu business district, rather than conducting a new survey.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 104, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 104, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1248 Education on S.C.R. No. 42

The purpose of this concurrent resolution is to request the State Auditor to conduct a management and financial audit of the Institute for Astronomy at the University of Hawaii including a review of previous audits conducted on the Institute for Astronomy.

Your Committee finds that the University of Hawaii Board of Regents (Board) conducted its own review of a recent audit by a private firm of the Institute for Astronomy. The Board has agreed to submit a copy of its findings on the audit to the Education Committee once it is completed, on or about April 16, 1997. However, your Committee believes an audit by the State Auditor would provide fresh information to the Legislature on the management and financial practices of the Institute.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 42 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Ige, D., Metcalf).

SCRep. 1249 Education on S.C.R. No. 231

The purpose of this concurrent resolution is to request that the Department of Education establish joint partnerships with private Hawaiian canoeing associations to organize interscholastic Hawaiian canoeing teams in the public secondary schools.

Your Committee received testimony supporting this measure from the Office of Hawaiian Affairs and four citizens representing private canoeing associations. Testimony was received from the Department of Education expressing concern about this measure.

Your Committee finds that outrigger canoe paddling is the official team sport of the State of Hawaii. It is a Hawaiian cultural practice that has been accepted in society and perpetuated throughout the world.

Your Committee further finds that private secondary schools already have outrigger canoe paddling programs.

Your Committee believes that an outrigger canoe paddling program in Hawaii's public secondary schools would promote wholesome physical activity as well as perpetuate Hawaiian culture and practices.

Your Committee has amended this concurrent resolution by requesting that the Department of Education establish a pilot program involving a joint partnership with private Hawaiian canoeing associations who have offered to donate the use of canoes and personnel for coaching expertise.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 231, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 231, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 1250 Education on S.R. No. 116

The purpose of this resolution is to request that the Department of Education establish joint partnerships with private Hawaiian canoeing associations to organize interscholastic Hawaiian canoeing teams in the public secondary schools.

Your Committee received testimony supporting this measure from the Office of Hawaiian Affairs and four citizens representing private canoeing associations. Testimony was received from the Department of Education expressing concern about this measure.

Your Committee finds that outrigger canoe paddling is the official team sport of the State of Hawaii. It is a Hawaiian cultural practice that has been accepted in society and perpetuated throughout the world.

Your Committee further finds that private secondary schools already have outrigger canoe paddling programs.

Your Committee believes that an outrigger canoe paddling program in Hawaii's public secondary schools would promote wholesome physical activity as well as perpetuate Hawaiian culture and practices.

Your Committee has amended this resolution by requesting that the Department of Education establish a pilot program involving a joint partnership with private Hawaiian canoeing associations who have offered to donate the use of canoes and personnel for coaching expertise.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 116, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 116, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 1251 Education on S.C.R. No. 236

The purpose of this concurrent resolution is to request that the Senate Committee on Education and the House Committee on Education determine the advisability of allowing the student member on the Board of Education to vote. Additionally, the Attorney General is requested to provide legal assistance in the form of opinions and other legal advice on this matter.

Your Committee received testimony supporting this measure from the Hawaii Congress of Parents, Teachers, and Students and a member of the Hawaii State Student Council.

Your Committee finds that the Hawaii State Student Council has tried for the past eight years to obtain voting rights for the student member on the Board of Education. The student member represents approximately one-hundred-eighty-thousand Hawaii students.

Your Committee also finds that the Attorney General has stated that there is no legal reason to prevent the student member from being a voting member.

Your Committee finds that many states permit the student member on the Board of Education voting privileges.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 236 and recommends that it be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 1252 Education on S.C.R. No. 244

The purpose of this concurrent resolution is to request that the University of Hawaii enter into a turn-key agreement for the design and construction of a new facility for the Maui Community College-Molokai Education Center in Kaunakakai, Molokai.

Your Committee received testimony supporting this measure from the University of Hawaii, the Mayor of the County of Maui, the Molokai Occupational Center, four faculty members from Maui Community College, the Molokai Education Centers's Advisory Board, one hundred students of Maui Community College on Molokai, and four interested citizens.

Your Committee finds that two-hundred-ten students were enrolled in Maui Community College-Molokai Education Center (MCCMEC) in Fall 1996. MCCMEC currently offers a limited selection of credit and non-credit courses which include accounting, agriculture, building maintenance, business careers, fashion technology, fire science, human services, liberal arts, nursing, and office administration and technology.

Your Committee also finds that the MCCMEC is the only higher education opportunity for Molokai residents who are unable to commute to other islands. A larger, modern, and permanent facility is needed to improve the learning environment of the students and to enable the University of Hawaii to expand its curriculum and services to meet increasing student and community needs for associate, bachelor, and graduate degrees.

Your Committee further finds that some MCCMEC courses are held in a two thousand square foot building in Kaunakakai that has been leased since 1986. This facility is termite ridden, ill-designed, and too small to accommodate the higher education needs of Molokai. Other classes are held in elementary school classrooms which are not conducive to higher education learning.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 244 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 1253 Education on S.R. No. 123

The purpose of this resolution is to request that the University of Hawaii enter into a turn-key agreement for the design and construction of a new facility for the Maui Community College-Molokai Education Center in Kaunakakai, Molokai.

Your Committee received testimony supporting this measure from the University of Hawaii, the Mayor of the County of Maui, the Molokai Occupational Center, four faculty members from Maui Community College, the Molokai Education Centers's Advisory Board, one hundred students of Maui Community College on Molokai, and four interested citizens.

Your Committee finds that two-hundred-ten students were enrolled in Maui Community College-Molokai Education Center (MCCMEC) in Fall 1996. MCCMEC currently offers a limited selection of credit and non-credit courses which include accounting, agriculture, building maintenance, business careers, fashion technology, fire science, human services, liberal arts, nursing, and office administration and technology.

Your Committee also finds that the MCCMEC is the only higher education opportunity for Molokai residents who are unable to commute to other islands. A larger, modern, and permanent facility is needed to improve the learning environment of the students and to enable the University of Hawaii to expand its curriculum and services to meet increasing student and community needs for associate, bachelor, and graduate degrees.

Your Committee further finds that some MCCMEC courses are held in a two thousand square foot building in Kaunakakai that has been leased since 1986. This facility is termite ridden, ill-designed, and too small to accommodate the higher education needs of Molokai. Other classes are held in elementary school classrooms which are not conducive to higher education learning.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 123 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 1254 Education on S.C.R. No. 245

The purpose of this concurrent resolution is to request that the Department of Education make a checklist of skills, knowledge, attitudes, and behaviors that children should have upon entry to kindergarten and distribute this checklist to parents of preschool age children at all elementary schools no later than February 1, 1998.

Your Committee received testimony opposing this measure from the Department of Education.

Your Committee finds that although children develop at different rates, children benefit from being sufficiently prepared to enter school.

Your Committee amended this concurrent resolution by:

- (1) Amending the title of the concurrent resolution to read:

"REQUESTING THE DEPARTMENT OF EDUCATION TO MAKE AVAILABLE A DEFINITION OF THE ROLE OF KINDERGARTEN IN A CHILD'S EDUCATIONAL PROGRESSION;"

- (2) Deleting the request that the Department of Education prepare a checklist of skills and behaviors that a child should have upon entry to kindergarten; and
- (3) Adding a request that the Department of Education define the role of kindergarten in a child's educational progression.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 245, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 245, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 1255 Education on S.C.R. No. 252

The purpose of this concurrent resolution is to;

- (1) Request that the Legislative Reference Bureau examine the feasibility of establishing an Office of Early Childhood Education within the Department of Education, which would report directly to the Board of Education, and which would develop a plan for quality statewide voluntary early childhood education; and
- (2) Request that the Department of Education and the Honolulu Community College professional staff in Early Childhood Education assist and cooperate with the Legislative Reference Bureau in the conduct of its study.

Your Committee received testimony supporting this measure from the University of Hawaii, the Democratic Party of Hawaii, and the Department of Education.

Your Committee finds that a child's early years, from age zero to five, are the most crucial years of child development. Early childhood education programs and experiences are invaluable to the growth and development of pre-school aged children.

Your Committee further finds that Act 367, Session Laws of Hawaii 1989, mandated the Department of Education to develop a plan for quality voluntary early education for all eligible children on a voluntary basis for full implementation statewide no later than January 1, 2000.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 252 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 1256 Education on S.C.R. No. 269

The purpose of this concurrent resolution is to request that the Department of Accounting and General Services report to the Legislature on the status of the completed architectural plans and funding for the construction of the Curriculum Research & Development Group (CRDG) of the University of Hawaii's University Laboratory School (ULS) facility that was to be built in 1994.

The concurrent resolution also requests that:

- (1) In keeping with the University of Hawaii Strategic Plan that the CRDG/ULS be directed to help support the economic development of the State by contributing to Hawaii's emerging education industry; and
- (2) The University of Hawaii, via the CRDG/ULS unit, increased its efforts to contribute to the body of professional theory, knowledge, and practice to improve teaching and learning in Hawaii.

Testimony in support of the measure was submitted by a private citizen. The University of Hawaii submitted comments on the concurrent resolution.

Your Committee finds that the CRDG of the University of Hawaii, including the ULS, conducts systematic research, design, development, publication, staff development, and related services for the elementary and secondary schools of Hawaii and other schools in the University's service area. As an organized research unit at the University of Hawaii, the unit draws on the University's scholarly and organizational competence to support the invention of sound and useful programs for schools.

Your Committee also finds that the University Laboratory School with its culturally diverse student body, provides an essential experimental ground for developing and testing educational ideas and programs and is a seedbed and laboratory for curriculum research and development, demonstration, teacher training, and comprehensive school design. The ULS is recognized as one of a few outstanding lab schools in the nation and is known for its success in educational research and development as one of the few laboratory schools to achieve "national visibility and influence...[for its] commitment to research, experimentation, and the development of new curriculum materials".

Your Committee believes that the commitment of all sectors of government to supporting education-related initiatives is critical to the long term economic and intellectual vitality of the State.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 269, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 1257 Education on S.R. No. 135

The purpose of this resolution is to request that the Department of Accounting and General Services report to the Legislature on the status of the completed architectural plans and funding for the construction of the Curriculum Research & Development Group (CRDG) of the University of Hawaii's University Laboratory School (ULS) facility that was to be built in 1994.

The resolution also requests that:

- (1) In keeping with the University of Hawaii Strategic Plan that the CRDG/ULS be directed to help support the economic development of the State by contributing to Hawaii's emerging education industry; and
- (2) The University of Hawaii, via the CRDG/ULS unit, increased its efforts to contribute to the body of professional theory, knowledge, and practice to improve teaching and learning in Hawaii.

Testimony in support of the measure was submitted by a private citizen. The University of Hawaii submitted comments on the resolution.

Your Committee finds that the CRDG of the University of Hawaii, including the ULS, conducts systematic research, design, development, publication, staff development, and related services for the elementary and secondary schools of Hawaii and other schools in the University's service area. As an organized research unit at the University of Hawaii, the unit draws on the University's scholarly and organizational competence to support the invention of sound and useful programs for schools.

Your Committee also finds that the University Laboratory School with its culturally diverse student body, provides an essential experimental ground for developing and testing educational ideas and programs and is a seedbed and laboratory for curriculum research and development, demonstration, teacher training, and comprehensive school design. The ULS is recognized as one of a few outstanding lab schools in the nation and is known for its success in educational research and development as one of the few laboratory schools to achieve "national visibility and influence...[for its] commitment to research, experimentation, and the development of new curriculum materials".

Your Committee believes that the commitment of all sectors of government to supporting education-related initiatives is critical to the long term economic and intellectual vitality of the State.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 135, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 1258 Education on S.C.R. No. 270

The purpose of this concurrent resolution is to request that the Auditor conduct a management and financial audit of the Department of Education to determine how best the Department might:

- (1) Establish numerical measures of effectiveness in academic achievement and classroom behavior;
- (2) Correlate dollar resources expended with changes in measures of effectiveness;
- (3) Provide funds that will directly correlate to an improvement in parenting skills that can be quantitatively assessed in the academic performance of their children; and
- (4) Provide a basis for recommending to the Governor and Legislature whether or not a nominal \$5,000-per-literate-preschool-child stipend would likely result in a positive return-on-investment in both educational achievement and outyear success of public school graduates.

Your Committee received testimony opposing this measure from the Department of Education.

Your Committee finds that in 1995, the Hawaii Commission on Performance Standards published standards for the performance of Hawaii's public school children. Since then, the Department of Education has developed a detailed strategic plan for a comprehensive assessment and accountability system, the student assessment component of which would provide numerical measures of effectiveness of academic achievement.

Your Committee further finds that several Department of Education programs, namely the state funded Parent/Community Networking Centers and the federally funded Even Start program, provide parenting activities aimed at developing parenting skills that promote student success in school.

Your Committee amended this concurrent resolution by:

- (1) Deleting the purpose of the management and financial audit;
- (2) Deleting the paragraph suggesting an educational and societal return on investment if parents received \$5,000 for each child they send to kindergarten who already knows how to read; and
- (3) Adding a request that the Auditor conduct a management and financial audit to determine the effectiveness of the lumpsum budget approach in school/community-based management schools.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 270, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 270, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 1259 Education on S.C.R. No. 179

The purpose of this concurrent resolution is to request that the University of Hawaii Ethnic Studies Department document the role of fireworks in Hawaii in religious and cultural practices and local customs.

Your Committee received testimony in support of the measure from the United Chinese Society, the University of Hawaii's Department of Ethnic Studies, Legislative Information Services of Hawaii, a member of the House of Representatives, and a private citizen.

Your Committee finds that for nearly one thousand years, fireworks have been an important element in the lives of most civilized peoples, especially the Chinese, where fireworks are a vital part of religious rituals and observances. Today, fireworks are used in Buddhist and Taoist celebrations, including prayer services, weddings, birthdays, cemetery services, house warmings, business openings, and on Chinese New Year's Day. During religious prayer services, especially during the New Year, firecrackers are used before and after each service to signify the opening and closing. The larger the celebration, the more firecrackers are used. On Chinese New Year's Day, firecrackers are commonly used over long, continuous periods such as from 6:00 p.m. to midnight.

Although China is recognized as the original home of fireworks, many other countries have strong, well-established fireworks traditions, including the United States, Canada, Australia, Britain, India, Japan, Mexico, England, Spain, Portugal, France, Italy, Germany, and the Soviet Union. In Mexico, more than three thousand festivals a year are celebrated with fireworks displays using "castillo", derrick-shaped structures, thirty to sixty feet high that are decorated with multicolored fountains, pinwheels, cascades, and lances.

In Hawaii's multi-cultural population, fireworks have been a local tradition for over one hundred years, stemming primarily from the influence of early Chinese immigrants. While a number of Chinese merchants were in the islands prior to 1800, the large immigrant migrations of Chinese did not begin until 1852. The migrations continued into the mid-1800s, and by 1884 over eighteen thousand Chinese were living in Hawaii. They, like all of the other immigrant groups to the islands, brought their religious and cultural practices with them, including exploding fireworks.

By the turn of the century, fireworks were firmly established in Hawaii and were popular with all segments of Hawaiian society, a phenomenon that has been repeated with many other customs during the twentieth century. As Hawaii's multi-ethnic population has continued living together from one generation to the next and has intermarried fairly extensively, many customs that were once uniquely attributed to one racial group are now identified as being "local", common to the entire resident population. Nearly everyone in Hawaii, for example, leaves their shoes at the door, eats rice, and gives each other leis on special occasions. Fireworks are now one of these local customs, but while they are used to some extent on the Fourth of July and on Chinese New Year's Day, fireworks are most heavily used by local residents on New Year's Eve.

Your Committee believes that establishing documentation on this issue will provide a greater understanding of the significance of the use of fireworks and promote greater cultural sensitivity and appreciation.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 179 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 1260 Transportation and Intergovernmental Affairs on S.C.R. No. 243

The purpose of this resolution is to request the Federal Aviation Administration (FAA) to study the feasibility of installing appropriate navigational aids to assist pilots or establishing a policy to ban flights in Halawa Valley on the island of Molokai.

Your Committee heard testimony in favor of this resolution submitted by the Department of Transportation (DOT) and a concerned citizen.

After considering the testimony and the merits of this measure, your Committee believes the recent series of fatal accidents in the Halawa Point area calls for immediate and appropriate action to mitigate the hazardous conditions of the area to aviation and navigation. Since the State DOT has no authority or jurisdiction over airspace matters, your Committee believes that this request to the FAA for a feasibility study is necessary.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 122 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1261 Transportation and Intergovernmental Affairs on S.R. No. 122

The purpose of this concurrent resolution is to request the Federal Aviation Administration (FAA) to study the feasibility of installing appropriate navigational aids to assist pilots or establishing a policy to ban flights in Halawa Valley on the island of Molokai.

Your Committee heard testimony in favor of this concurrent resolution submitted by the Department of Transportation (DOT) and a concerned citizen.

After considering the testimony and the merits of this measure, your Committee believes the recent series of fatal accidents in the Halawa Point area calls for immediate and appropriate action to mitigate the hazardous conditions of the area to aviation and navigation. Since the State DOT has no authority or jurisdiction over airspace matters, your Committee believes that this request to the FAA for a feasibility study is necessary.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 243 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1262 Health and Environment on S.C.R. No. 21

The purpose of this concurrent resolution is to request the Office of Hawaiian Affairs to urge all Native Hawaiians to participate in cancer screening and testing programs recommended by their physicians, health plans, community organizations, or other entities.

Your Committee heard testimony supporting the intent of this concurrent resolution submitted by the Director of Health and Office of Hawaiian Affairs. Your Committee agrees with the Office of Hawaiian Affairs that early detection is a major ally of preventive health care.

Your Committee amended this concurrent resolution by making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 21, as amended herein, and recommends that it be referred to the Committee on Water, Land, and Hawaiian Affairs, in the form attached hereto as S.C.R. No. 21, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1263 Health and Environment on S.C.R. No. 50

The purpose of this concurrent resolution is to request the Governor to incorporate assistive technology considerations and language in all administration measures relating to persons with disabilities and to request the Department of Business, Economic Development, and Tourism to develop incentives to encourage out-of-state businesses and vendors providing assistive technology devices in Hawaii to increase their supply of devices in Hawaii.

Your Committee heard testimony in favor of this concurrent resolution submitted by the Democratic Party of Hawaii, Director of the Pacific Basin Rehabilitation Research and Training Center of the University of Hawaii at Manoa, Hawaii Centers for Independent Living, Windward Area Agency of the Special Education Center of Hawaii, Winners at Work, Hawaii Assistive Technology Training and Services, Protection and Advocacy Agency of Hawaii, and a concerned citizen. The Governor submitted testimony supporting the intent of the measure but expressed concern regarding the cost of implementing assistive technology consideration in all applicable administration measures. The Director of Business, Economic Development, and Tourism submitted testimony supporting the portion of the measure relating to the Department of Business, Economic Development, and Tourism.

After considering the testimony, your Committee agrees with many of the testifiers that assistive technology is vital to persons with disabilities for mobility, communication, work, and recreation. Your Committee further agrees that assistive technology enables those persons to live more independently, expand career opportunities, and enjoy greater inclusion and integration in our community. Your Committee believes that the incentives for increasing the availability of assistive devices in Hawaii should not be limited to out-of-state businesses and vendors, and agrees with the Governor's concern regarding cost.

Your Committee amended this concurrent resolution by:

- (1) Changing the measures which should include assistive technology considerations in the title and the body of the Concurrent Resolution from "all administration measures" to "all appropriate administration measures", to address the Governor's concern; and
- (2) Deleting the term "out-of-state" to include local businesses and vendors as targeted recipients of the incentives contemplated by this measure.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 50, as amended herein, and recommends that it be referred to the Committee on Economic Development, in the form attached hereto as S.C.R. No. 50, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1264 Health and Environment on S.C.R. No. 90

The purpose of this concurrent resolution is to express legislative support for research into the cause and cure of fibropapilloma, a disease threatening Hawaii's sea turtle population.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources (DLNR).

Your Committee finds that the green sea turtle is currently being afflicted by a fatal disease of unknown cause called fibropapilloma, which is at epidemic levels in several areas of the State.

Your Committee further finds that while research regarding this disease is currently being conducted under the federal government's authority and lead, funding at the state level for additional research is severely limited.

Your Committee has amended this measure by:

- (1) Deleting the expression of support for the allocation of state funds for further research; and
- (2) Deleting the request to the National Marine Fisheries Service for updated information, and instead, requiring DLNR to report to the Legislature prior to the 1998 Regular Session on the progress of the Sea Turtle Recovery Plan and research into the cause and cure of fibropapilloma.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 90, as amended herein, and recommends that it be referred to the Committee on Transportation and Intergovernmental Affairs, in the form attached hereto as S.C.R. No. 90, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 1265 Health and Environment on S.R. No. 29

The purpose of this resolution is to express legislative support for research into the cause and cure of fibropapilloma, a disease threatening Hawaii's sea turtle population.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources (DLNR).

Your Committee finds that the green sea turtle is currently being afflicted by a fatal disease of unknown cause called fibropapilloma, which is at epidemic levels in several areas of the State.

Your Committee further finds that while research regarding this disease is currently being conducted under the federal government's authority and lead, funding at the state level for additional research is severely limited.

Your Committee has amended this measure by:

- (1) Deleting the expression of support for the allocation of state funds for further research; and
- (2) Deleting the request to the National Marine Fisheries Service for updated information, and instead, requiring DLNR to report to the Legislature prior to the 1998 Regular Session on the progress of the Sea Turtle Recovery Plan and research into the cause and cure of fibropapilloma.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 29, as amended herein, and recommends that it be referred to the Committee on Transportation and Intergovernmental Affairs, in the form attached hereto as S.R. No. 29, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 1266 Health and Environment on S.C.R. No. 112

The purpose of this concurrent resolution is to request the Department of Health to determine whether minors should be required to obtain parental permission before having their bodies pierced, and whether the practice of body piercing should be regulated.

Your Committee received testimony in support of this measure from the Department of Health (DOH) and a private citizen.

Your Committee believes that this measure is in furtherance of the public interest to protect the public health and safety because of the potential for the transmission of blood diseases such as hepatitis, HIV, and septicemia if the needles are not sterilized.

Your Committee has amended this measure on the recommendation of the DOH to delete the requirement that it determine whether parental permission should be required and by noting their reservation about having jurisdiction in their rules over that issue. However, your Committee notes that the legislature may still enact a law to require parental approval.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 112, as amended herein, and recommends that it be referred to the Committee on Judiciary, in the form attached hereto as S.C.R. No. 112, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 1267 Health and Environment on S.R. No. 45

The purpose of this resolution is to request the Department of Health to determine whether minors should be required to obtain parental permission before having their bodies pierced, and whether the practice of body piercing should be regulated.

Your Committee received testimony in support of this measure from the Department of Health (DOH) and a private citizen.

Your Committee believes that this measure is in furtherance of the public interest to protect the public health and safety because of the potential for the transmission of blood diseases such as hepatitis, HIV, and septicemia if the needles are not sterilized.

Your Committee has amended this measure on the recommendation of the DOH to delete the requirement that it determine whether parental permission should be required and by noting their reservation about having jurisdiction in their rules over that issue. However, your Committee notes that the legislature may still enact a law to require parental approval.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 45, as amended herein, and recommends that it be referred to the Committee on Judiciary, in the form attached hereto as S.R. No. 45, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 1268 Health and Environment on S.C.R. No. 126

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources (DLNR) to work with various nonprofit organizations to provide stricter enforcement of existing boating rules to ensure protection of Hawaii's sea turtles.

Your Committee received testimony in support of the intent of this measure from DLNR.

Your Committee finds that in recent times there have been increased sightings of sea turtles in areas designated for boating activities, leading to increased risk of injury or death to the already threatened and endangered turtle population.

Your Committee supports this measure as a means of increasing enforcement of existing boating rules to ensure protection of Hawaii's sea turtles. It recognizes, however, the current lack of funding to effectively support such an effort.

Your Committee has amended this measure by:

- (1) Adding a reference to the turtle recovery plan currently being developed by DLNR, in conjunction with the National Marine Fisheries Service and other agencies; and
- (2) Deleting requirements regarding the study and implementation of stricter enforcement of existing boating rules, and requiring, instead, DLNR to report to the Legislature prior to the 1998 Regular Session on the progress of its turtle recovery plan.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 126, as amended herein, and recommends that it be referred to the Committee on Economic Development, in the form attached hereto as S.C.R. No. 126, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 1269 Health and Environment on S.R. No. 58

The purpose of this resolution is to request the Department of Land and Natural Resources (DLNR) to work with various nonprofit organizations to provide stricter enforcement of existing boating rules to ensure protection of Hawaii's sea turtles.

Your Committee received testimony in support of the intent of this measure from DLNR.

Your Committee finds that in recent times there have been increased sightings of sea turtles in areas designated for boating activities, leading to increased risk of injury or death to the already threatened and endangered turtle population.

Your Committee supports this measure as a means of increasing enforcement of existing boating rules to ensure protection of Hawaii's sea turtles. It recognizes, however, the current lack of funding to effectively support such an effort.

Your Committee has amended this measure by:

- (1) Adding a reference to the turtle recovery plan currently being developed by DLNR, in conjunction with the National Marine Fisheries Service and other agencies; and
- (2) Deleting requirements regarding the study and implementation of stricter enforcement of existing boating rules, and requiring, instead, DLNR to report to the Legislature prior to the 1998 Regular Session on the progress of its turtle recovery plan.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 58, as amended herein, and recommends that it be referred to the Committee on Economic Development, in the form attached hereto as S.R. No. 58, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 1270 Health and Environment on S.C.R. No. 134

The purpose of this concurrent resolution is to create an Endangered Species Task Force, consisting of fourteen members from government, academia, private landowners, and other interested groups, for the purpose of promoting the preservation and recovery of endangered species and their habitats in Hawaii, by:

- (1) Developing an overall plan of action to protect and preserve Hawaii's endangered plants and animals and their habitats, which shall consider and determine, without limitation, the respective roles and responsibilities of governmental agencies, private landowners, and public interest groups;
- (2) Seeking funds, additional resources, and public support for the task force's goals and objectives;
- (3) Considering the merits of promoting voluntary efforts and cooperation from private landowners through safe harbor agreements, voluntary habitat conservation plans, tax and other incentives, cost-sharing programs, and other vehicles to promote cooperation between private landowners and governmental agencies;
- (4) Assessing the current resources available for the preservation and recovery of endangered species and their habitats, evaluating the effectiveness of the current uses of those resources, and making recommendations for improvement; and
- (5) Proposing legislation supporting the preservation and recovery of endangered species and their habitats based on the task force's findings and recommendations.

Your Committee heard testimony in favor of this concurrent resolution submitted by the Hawaii Audubon Society. The Chairperson of the Board of Land and Natural Resources (BLNR) submitted testimony supporting this concurrent resolution provided that the scope of the task force's purposes was limited to the second, third, and fifth items stated in the measure.

After considering the testimony and the merits of this measure, your Committee believes that the establishment of the task force is desirable to foster public support and generate funding for efforts to recover endangered species and their habitats. Your Committee agreed with the concerns raised by the BLNR that the scope of the purpose of the task force was too broad for meaningful implementation and amended this concurrent resolution by:

- (1) Deleting the first and fourth items listed as specific purposes of the task force; and
- (2) Increasing the number of members on the task force to fourteen by adding a representative from the United States Fish and Wildlife Service.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 134, as amended herein, and recommends that it be referred to the Committee on Water, Land, and Hawaiian Affairs, in the form attached hereto as S.C.R. No. 134, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1271 Health and Environment on S.C.R. No. 135

The purpose of this concurrent resolution is to request the Department of Agriculture to create a task force to develop and implement a plan for the reduction of pesticide and other chemical compound use by state and county agencies.

Your Committee received testimony in support of this concurrent resolution from the Offices of David L. Bourgoïn. Testimony in opposition was received from the Board of Agriculture. The American Crop Protection Association, Responsible Industry for Sound Environment, and Western Crop Protection Association submitted comments.

Your Committee is concerned with the state and county departments' use of pesticides and other chemicals over a long period, and the cumulative health effects of repeated exposure to humans.

Your Committee recognizes the need for further study on the impact of pesticides and chemicals to humans and has amended this concurrent resolution to encourage the task force to utilize integrated pest management techniques.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 135, as amended herein, and recommends that it be referred to the Committee on Economic Development, in the form attached hereto as S.C.R. No. 135, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1272 Health and Environment on S.R. No. 66

The purpose of this resolution is to request the Department of Agriculture to create a task force to develop and implement a plan for the reduction of pesticide and other chemical compound use by state and county agencies.

Your Committee received testimony in support of this resolution from the Offices of David L. Bourgoïn. Testimony in opposition was received from the Board of Agriculture. The American Crop Protection Association, Responsible Industry for Sound Environment, and Western Crop Protection Association submitted comments.

Your Committee is concerned with the state and county departments' use of pesticides and other chemicals over a long period, and the cumulative health effects of repeated exposure to humans.

Your Committee recognizes the need for further study on the impact of pesticides and chemicals to humans and has amended this resolution to encourage the task force to utilize integrated pest management techniques.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 66, as amended herein, and recommends that it be referred to the Committee on Economic Development, in the form attached hereto as S.R. No. 66, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1273 Health and Environment on S.C.R. No. 206

The purpose of this concurrent resolution is to request the State Health Planning and Development Agency to examine the feasibility of establishing a public-private health clinic in the Haleiwa/Waialua area of Oahu to provide a broad range of medical care and social services, quality hospital and medical care, and emergency medical services to the residents of the Haleiwa and Waialua communities.

The State Health Planning and Development Agency is also requested to survey existing private health care resources in the area for future public-private partnerships.

Your Committee received testimony in support of the intent of this concurrent resolution from the State Health Planning and Development Agency.

Your Committee is concerned that for many persons living in the Haleiwa and Waialua areas, the only recourse for medical services is either Wahiawa General Hospital or Kahuku Hospital. The rural communities throughout the State, such as Haleiwa and Waialua, are clearly in need of adequate and convenient medical care services.

Your Committee has amended this concurrent resolution by adding "within existing and available resources" as a stipulation of examining innovative ways in which medical care can be shared in a public-private health clinic.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 206, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 206, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1274 Health and Environment on S.R. No. 100

The purpose of this resolution is to request the State Health Planning and Development Agency to examine the feasibility of establishing a public-private health clinic in the Haleiwa/Waialua area of Oahu to provide a broad range of medical care and social services, quality hospital and medical care, and emergency medical services to the residents of the Haleiwa and Waialua communities.

The State Health Planning and Development Agency is also requested to survey existing private health care resources in the area for future public-private partnerships.

Your Committee received testimony in support of the intent of this resolution from the State Health Planning and Development Agency.

Your Committee is concerned that for many persons living in the Haleiwa and Waialua areas, the only recourse for medical services is either Wahiawa General Hospital or Kahuku Hospital. The rural communities throughout the State, such as Haleiwa and Waialua, are clearly in need of adequate and convenient medical care services.

Your Committee has amended this resolution by adding "within existing and available resources" as a stipulation of examining innovative ways in which medical care can be shared in a public-private health clinic.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 100, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 100, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1275 Health and Environment on S.C.R. No. 265

The purpose of this concurrent resolution is to request the Sun Protection Program of the Department of Health to provide necessary information pertaining to the risks of the overexposure of sunlight to various public and private agencies, including the Department of Education; the Schools of Medicine, Nursing, Tropical Medicine, and Public Health of the University of Hawaii; the Hawaii Visitors and Convention Bureau; the Departments of Parks Recreation of the Counties of Hawaii, Kauai, Maui, and the City and County of Honolulu; the Cancer Research Center; and the Chamber of Commerce of Hawaii.

Your Committee heard testimony in favor of this concurrent resolution submitted by Sun Protection-Hawaii, Inc. Testimony in opposition to this concurrent resolution was submitted by the Cancer Research Center of Hawaii. The Director of Health submitted testimony supporting the intent of the measure but indicated that the Department does not have the funds to disseminate the information to the organizations listed in the measure.

After considering the testimony and the merits of this measure, your Committee incorporated the Director of Health's funding concerns and amended this concurrent resolution by:

- (1) Deleting the request for the Department of Health to provide information;
- (2) Substituting a request for the Department to review and take inventory of the information in existing health literature concerning sun protection and the risks associated with overexposure to sunlight; and
- (3) Changing the Department's role from that of a disseminator of information to the listed organizations to one of a collaborative partner with the organizations in the dissemination of that information.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 265, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 265, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1276 Health and Environment on S.R. No. 133

The purpose of this resolution is to request the Sun Protection Program of the Department of Health to provide necessary information pertaining to the risks of the overexposure of sunlight to various public and private agencies, including the Department of Education; the Schools of Medicine, Nursing, Tropical Medicine, and Public Health of the University of Hawaii; the Hawaii Visitors and Convention Bureau; the Departments of Parks Recreation of the Counties of Hawaii, Kauai, Maui, and the City and County of Honolulu; the Cancer Research Center; and the Chamber of Commerce of Hawaii.

Your Committee heard testimony in favor of this resolution submitted by Sun Protection-Hawaii, Inc. Testimony in opposition to this resolution was submitted by the Cancer Research Center of Hawaii. The Director of Health submitted testimony supporting the intent of the measure but indicated that the Department does not have the funds to disseminate the information to the organizations listed in the measure.

After considering the testimony and the merits of this measure, your Committee incorporated the Director of Health's funding concerns and amended this resolution by:

- (1) Deleting the request for the Department of Health to provide information;
- (2) Substituting a request for the Department to review and take inventory of the information in existing health literature concerning sun protection and the risks associated with overexposure to sunlight; and
- (3) Changing the Department's role from that of a disseminator of information to the listed organizations to one of a collaborative partner with the organizations in the dissemination of that information.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 133, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 133, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1277 Transportation and Intergovernmental Affairs on S.C.R. No. 150

The purpose of this concurrent resolution is to urge the United States to adopt a visa waiver program for nationals of the Republic of Korea.

Your Committee received testimony in support of this concurrent resolution from the Office of the Lieutenant Governor, Department of Business, Economic Development, and Tourism, Hawaii Visitors and Convention Bureau, Chamber of Commerce of Hawaii, Hawaii Hotel Association, Hawaii Association of Realtors, Kona Kohala Resort Association, and one Councilmember of the City and County of Honolulu.

Your Committee finds that allowing greater travel between Korea and Hawaii means greater opportunities for Hawaii in terms of economic development, tourism, trade, culture, and education. This concurrent resolution is a crucial first step in that process. Your Committee further finds that the United States mainland would also benefit similarly once Hawaii's gateway is opened up to Korea.

Your Committee has amended this concurrent resolution by deleting a reference to tour groups and by making a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 150, as amended herein, and recommends that it be referred to the Committee on Economic Development, in the form attached hereto as S.C.R. No. 150, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1278 Transportation and Intergovernmental Affairs on S.R. No. 76

The purpose of this resolution is to urge the United States to adopt a visa waiver program for nationals of the Republic of Korea.

Your Committee received testimony in support of this resolution from the Office of the Lieutenant Governor, Department of Business, Economic Development, and Tourism, Hawaii Visitors and Convention Bureau, Chamber of Commerce of Hawaii, Hawaii Hotel Association, Hawaii Association of Realtors, Kona Kohala Resort Association, and one Councilmember of the City and County of Honolulu.

Your Committee finds that allowing greater travel between Korea and Hawaii means greater opportunities for Hawaii in terms of economic development, tourism, trade, culture, and education. This resolution is a crucial first step in that process. Your Committee further finds that the United States mainland would also benefit similarly once Hawaii's gateway is opened up to Korea.

Your Committee has amended this resolution by deleting a reference to tour groups and by making a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No.76, as amended herein, and recommends that it be referred to the Committee on Economic Development, in the form attached hereto as S.R. No .76, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1279 Transportation and Intergovernmental Affairs on S.C.R. No. 194

The purpose of this concurrent resolution is to request that the counties confer with tax experts and use the Tax Increment Financing Act (TIFA) to assist the economies of each of their communities.

No testimony was received with respect to this concurrent resolution.

The TIFA was enacted to provide an alternative method of financing community development that is based on real property assessment values and the incremental changes that development has on those values. The TIFA authorizes each county to establish tax increment districts and to fund community development by tax increment bonds. The increased tax revenues resulting from the community development are pledged to repay the bonds.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 194 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 1280 Government Operations and Housing on S.C.R. No. 191

The purpose of this concurrent resolution is to request that the Housing Finance and Development Corporation (HFDC), with the assistance of the Attorney General, study the impact of raising the minimum size of leasehold lots subject to fee conversion under chapter 516, Hawaii Revised Statutes (HRS), from five acres to one hundred acres.

Your Committee received testimony in support of the bill from two small landowners and from Bishop Estate. HFDC opposed the concurrent resolution and requested that it be held in Committee.

Your Committee was informed of at least two instances of claimed abuse of the Land Reform Act aimed at small landowners. Based on your Committee's understanding of the written and oral testimony, in the first instance, a small landowner was subjected to condemnation proceedings under chapter 516, HRS, to convert three leasehold lots to fee. The three lots measured less than one acre and were separated by streets and other houses. The proceeding was instituted on the basis that these lots were remnants of a five acre development tract which had previously gone through voluntary conversion to fee. The lots involved were those where fee conversion was refused. In the second instance, the lessee refused fee conversion. The fee was subsequently sold, and then the lessee applied to condemn the lot to convert it to fee under chapter 516, HRS, on the basis that the lot was originally part of a five acre development.

Based on these experiences the small landowners who supported this concurrent resolution requested that the law be amended to require that both the leasehold lot and the applicant meet the requirements for condemnation under chapter 516, HRS, at the time the condemnation proceedings are initiated.

Your Committee has amended this concurrent resolution to address the concerns raised in the testimony by:

- (1) Amending the title to reflect the concurrent resolution's broader scope;
- (2) Making the study a joint study by the HFDC and The Attorney General;
- (3) Expanding the scope of the study to include the feasibility of requiring the leasehold lot and the applicant for fee conversion to meet the requirements of chapter 516, HRS, at the time condemnation proceedings are instituted;
- (4) Requiring the study to include any proposed legislation; and
- (5) Requiring certified copies be served on the Attorney General and the Chairperson of the Board of HFDC.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 191, as amended herein, and recommends that it be referred to the Committee on Judiciary, in the form attached hereto as S.C.R. No. 191, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 1281 (Joint) Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs on S.C.R. No. 16

The purpose of this concurrent resolution is to request that the Departments of Hawaiian Home Lands and Land and Natural Resources establish a task force to re-evaluate all military leases to provide fair land use value on return to civilian control and, as soon as possible, renegotiate lease rents so as to provide full value at the highest and best use to the lessors.

Your Committees find that the U.S. military's use of public lands are generally leased for long time periods and for nominal amounts. In many cases, leases to the military are for sixty-five years at the rate of \$1 per year.

Your Committees believe that an important issue which must be addressed with regard to use of state lands for military purposes is that adequate provisions exist to ensure that lands presently under military use will, upon return to the State of Hawaii or other civilian entity, be in safe and usable condition and has accordingly amended this measure.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 16, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 16, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 6 (Aki, Fernandes Salling, Fukunaga, Ige, D., Kanno, Taniguchi).

SCRep. 1282 (Joint) Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs on S.C.R. No. 148

The purpose of this concurrent resolution is to urge that every native Hawaiian beneficiary of the Hawaiian Homes Commission Act, 1920, as amended, age sixty-five years or older, be paid \$10,000 in emergency restitution out of the settlement between the State and the Office of Hawaiian Affairs.

The measure also urges the Congress of the United States to appropriate matching funds so that each aged native Hawaiian beneficiary may receive a total of \$20,000 in emergency restitution, which amount would be credited against the beneficiary's claim for damages under chapter 674, Hawaii Revised Statutes, if any such claim has been made.

Your Committees agree with the testimony submitted that appropriation of Office of Hawaiian Affairs funds should be left to the discretion of the Office of Hawaiian Affairs' trustees and has, accordingly, amended this measure.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 148, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 148, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 6 (Aki, Fernandes Salling, Fukunaga, Ige, D., Kanno, Taniguchi).

SCRep. 1283 (Joint) Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs on S.R. No. 75

The purpose of this resolution is to urge that every native Hawaiian beneficiary of the Hawaiian Homes Commission Act, 1920, as amended, age sixty-five years or older, be paid \$10,000 in emergency restitution out of the settlement between the State and the Office of Hawaiian Affairs.

The measure also urges the Congress of the United States to appropriate matching funds so that each aged native Hawaiian beneficiary may receive a total of \$20,000 in emergency restitution, which amount would be credited against the beneficiary's claim for damages under chapter 674, Hawaii Revised Statutes, if any such claim has been made.

Your Committees agree with the testimony submitted that appropriation of Office of Hawaiian Affairs funds should be left to the discretion of the Office of Hawaiian Affairs' trustees and has, accordingly, amended this measure.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs that are attached to this report, your Committees concur with the intent and purpose of S.R. No. 75, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 75, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 6 (Aki, Fernandes Salling, Fukunaga, Ige, D., Kanno, Anderson).

SCRep. 1284 Water, Land, and Hawaiian Affairs on S.C.R. No. 192

The purpose of this concurrent resolution is to request that the Department of Land and Natural Resources, in situations where it has been leasing land out on long-term residential, commercial, or agricultural leases, and twenty years or more remain on the lease, entertain offers of purchase for the land.

Your Committee finds that the high cost of living hurts everyone in the State as it forces families to work extra jobs or overtime to obtain the necessities of life, and even forces many residents to move to the mainland in search of jobs and affordable housing. The extremely high cost of living in Hawaii is caused in substantial part by the high cost of residential and commercial land in Hawaii.

Your Committee also finds that the state government is the largest single landholder in Hawaii, holding over twenty-nine percent of all land in the State. The State has been leasing some of its lands for both commercial and residential use. Generally, leasehold is a less than desirable method of land tenure as the tenant never can gain the security of owning the land, never stops paying for its use, and can never make truly long-term plans for the land due to the possibility of the lease ending.

Your Committee believes that it is imperative that more land be transferred to the general public as use of leasehold land makes it difficult for businesses to expand due to the lease overhead and because the existence of the lease, especially one with little time remaining, makes banks reluctant to loan money to them. To this end, your Committee believes that the State, under certain circumstances, should entertain offers to purchase some of its lands.

However, given the recent controversy over the State's ability to alienate ceded lands from the public land trust, your Committee has amended the measure to specify that only nonceded lands be included within the scope of the potential sale authorized by the concurrent resolution.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 192, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 192, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Ige, D., Taniguchi).

SCRep. 1285 Water, Land, and Hawaiian Affairs on S.C.R. No. 212

The purpose of this concurrent resolution is to authorize the Department of Land and Natural Resources to enter into and execute land exchange negotiations with Kamehameha Schools/Bishop Estate for the purpose of obtaining approximately one hundred fifty acres of Kamehameha Schools/Bishop Estate lands located within a parcel of state land on the island of Hawaii in tax map keys (3) 4-6-003: 3, 4, 7, 10, 12, 13, and 15, and (3) 4-6-004: 4 and 7; provided that any exchange shall be done in accordance with section 171-50, Hawaii Revised Statutes.

Your Committee finds that the Department of Land and Natural Resources has tried to acquire certain parcels of land located in the Hamakua region on the island of Hawaii totalling approximately 150 acres in order to consolidate the State's land holdings in the area. Your Committee also finds that the Kamehameha Schools/Bishop Estate is a major landowner in the Hamakua region that would like to consolidate its land holdings in the area. Since both landowners have smaller properties that are situated within the other's larger properties, your Committee believes that it would be prudent for the State to enter into land exchange negotiations with Kamehameha Schools/Bishop Estate so that a property consolidation that would be mutually beneficial to both parties could occur.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 212 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Taniguchi).

SCRep. 1286 Human Resources on S.C.R. No. 103

The purpose of this concurrent resolution is to request the auditor to assess the social and financial impact of requiring health insurers to offer medically necessary coverage for children up to age three.

Testimony was received from the American Academy of Pediatrics, Hawaii Early Intervention Association, Hawai'i Early Intervention Coordinating Council, and the Hawaii Medical Services Association (HMSA) in support of this measure.

Your Committee has amended this concurrent resolution to reflect amendments suggested by HMSA to further clarify the auditor's scope of investigation.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 103, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 103, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Levin, Anderson).

SCRep. 1287 (Joint) Human Resources and Judiciary on S.C.R. No. 254

The purpose of this concurrent resolution is to establish an Interim Committee on Juvenile Justice to study the problems of juvenile crime and identify effective treatment programs and alternatives to incarceration.

Testimony was received from the Department of Human Services-Office of Youth Services, the Attorney General, the Hawaii Juvenile Justice State Advisory Council, and one private citizen in support of this measure.

Your Committees have amended this concurrent resolution by adding the House Committee on Human Services and Housing to the Interim Committee on Juvenile Justice, by transmitting copies of the concurrent resolution to the President of the Senate, the

Speaker of the House, and the appropriate Committee chairs, and by making technical, nonsubstantive corrections for the purpose of clarity and style.

As affirmed by the records of votes of the members of your Committees on Human Resources and Judiciary that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 254, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 254, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 3 (Bunda, Levin, Anderson).

SCRep. 1288 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 33

The purpose of this concurrent resolution is to request the auditor to conduct a sunrise review of the regulation of tow truck operators.

Your Committee received written testimony in support of this measure from the Department of Commerce and Consumer Affairs. The Hawaii Automotive Repair & Gasoline Dealers Association, the Hawaii State Towing Association, and Waialae Chevron submitted comments.

Your Committee has heard discussions on this matter in previous hearings and is in agreement that a sunrise review by the Auditor is needed before any new regulations are enacted.

Your Committee has amended this concurrent resolution to require that the review be conducted in accordance with H.B. No. 148, S.D. 1.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 33, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 33, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1289 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 116

The purpose of this concurrent resolution is to request the Judiciary to study and implement a procedure for certification of legal specialists within the State of Hawaii.

Your Committee received testimony in support of this measure from the Judiciary and the Hawaii State Bar Association.

Your Committee previously held a public hearing on S.B. No. 148 which proposed to create a board of legal specialization within the Judiciary to certify attorneys practicing in specialized areas of law. The Judiciary expressed concerns over the bill and requested that further study be conducted before enacting a certification program. Your Committee noted the Judiciary's recommendation and is proposing a comprehensive study on this matter.

Your Committee finds that the increasingly complex nature of the law has given rise to de facto specialization within the legal profession, such that consumers seek and attorneys represent that they handle matters falling within specialized fields of law. Your Committee believes that unregulated advertising and unsubstantiated credentials pose a risk to consumers who may rely solely on such claims made by attorneys that they possess specialized knowledge in a particular field. Your Committee further finds that while twenty-five states currently regulate legal specialists, Hawaii has no such provision to protect consumers against fraudulent claims.

Your Committee recognizes the importance of selecting a qualified attorney to assist consumers in navigating through our judicial system. It is your Committee's intention to provide the public with adequate safeguards and ensure that the attorney they select does, in fact, possess the credentials that he or she claims to have.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 116 and recommends that it be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1290 Commerce, Consumer Protection, and Information Technology on S.R. No. 49

The purpose of this resolution is to request the Judiciary to study and implement a procedure for certification of legal specialists within the State of Hawaii.

Your Committee received testimony in support of this measure from the Judiciary and the Hawaii State Bar Association.

Your Committee previously held a public hearing on S.B. No. 148 which proposed to create a board of legal specialization within the Judiciary to certify attorneys practicing in specialized areas of law. The Judiciary expressed concerns over the bill and requested that further study be conducted before enacting a certification program. Your Committee noted the Judiciary's recommendation and is proposing a comprehensive study on this matter.

Your Committee finds that the increasingly complex nature of the law has given rise to de facto specialization within the legal profession, such that consumers seek and attorneys represent that they handle matters falling within specialized fields of law. Your Committee believes that unregulated advertising and unsubstantiated credentials pose a risk to consumers who may rely solely on such

claims made by attorneys that they possess specialized knowledge in a particular field. Your Committee further finds that while twenty-five states currently regulate legal specialists, Hawaii has no such provision to protect consumers against fraudulent claims.

Your Committee recognizes the importance of selecting a qualified attorney to assist consumers in navigating through our judicial system. It is your Committee's intention to provide the public with adequate safeguards and ensure that the attorney they select does, in fact, possess the credentials that he or she claims to have.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 49 and recommends that it be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1291 (Majority) Commerce, Consumer Protection, and Information Technology on S.C.R. No. 166

The purpose of this concurrent resolution is to request the Auditor to conduct a sunrise review of mandatory health insurance coverage for contraceptive services.

Your Committee received testimony in support of this measure from the Hawaii State Commission on the Status of Women. The Hawaii Medical Services Association submitted comments.

Your Committee finds that such studies of new mandated benefits are important, especially in difficult economic times when employers are hard pressed to meet their existing financial obligations. However, your Committee notes that this issue was the subject of a previous Auditor's study, released in December 1993, as Report No. 93-27, "Study of Proposed Mandatory Health Insurance for Contraceptive Services."

Your Committee has amended this concurrent resolution to reflect this earlier study and to request an update of the study with special consideration given to other than oral contraceptive services and the costs of such services, and by amending the title to read:

"REQUESTING THE AUDITOR TO UPDATE REPORT NO. 93-27, A REVIEW OF MANDATORY HEALTH INSURANCE COVERAGE FOR CONTRACEPTIVE SERVICES."

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 166, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 166, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 1 (Slom). Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1292 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 167

The purpose of this Concurrent Resolution is to request the Auditor to conduct a sunrise review of mandatory health insurance coverage for post-mastectomy breast reconstructive surgery.

Your Committee received testimony in support of this measure from the Hawaii Medical Service Association, with certain recommended changes.

Your Committee finds that a significant number of women in the United States afflicted with breast cancer must undergo mastectomy in order to treat the disease appropriately.

Your Committee further finds that the availability of post-mastectomy breast reconstructive surgery will provide a significant degree of emotional and psychological wellness to victims of breast cancer and encourage more women to participate in early detection of breast cancer.

Your Committee has amended this measure by:

- (1) Clarifying the extent to which insurance companies currently provide coverage; and
- (2) Adding specific study issues, including the number of persons in the State who have undergone mastectomies each year for the past ten years, the estimated number who have sought reconstructive surgery for the non-diseased breast, and the costs, side effects, and other risks associated with these surgeries.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 167, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 167, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1293 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 174

The purpose of this concurrent resolution is to request the Auditor to study whether all real estate appraisers should be licensed or certified, and whether all appraisals should be conducted in conformance with the Uniform Standards of Professional Appraisals Practice (USPAP).

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and two individuals. Kamehameha Schools Bishop Estate and the Small Landowners Association and Small Landowners of Oahu submitted testimony in opposition. The Hawaii Chapter of the Appraisal Institute submitted comments.

Your Committee finds that mandatory licensure or certification and mandatory compliance with the USPAP in all appraisals would have a significant impact on the industry. An update of the Auditor's 1988 sunrise analysis would be an appropriate way to study the broad effects such regulation would have on consumers, appraisers, financial institutions, and the real estate market.

Your Committee notes that there is currently a process in place to revise the USPAP and believes this information should also be taken into consideration in updating the 1988 report. Your Committee has amended this concurrent resolution to reference the proposed changes to USPAP, and to request that the Auditor use the revised USPAP in conducting the update.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 174, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 174, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1294 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 256

The purpose of this concurrent resolution is to request that the Hawaii State Bar Association, in cooperation with Hawaii's business community, plaintiffs' attorneys, insurance industry, appropriate state and county agencies, the judiciary, and tort scholars from the University of Hawaii Richardson School of Law, conduct a study of the State's tort system to make recommendations for reform.

Your Committee received testimony in support of this measure from the Hawaii State Bar Association, the University of Hawaii Richardson School of Law, and the Hawaii Insurers Council.

Your Committee finds that the purpose of the common law tort system is to provide for appropriate compensation to injured parties for a violation of a legal duty. Your Committee further finds that even in circumstances where parties take steps to protect themselves against tort action through insurance, knowing assumption of risk, or liability waivers, businesses and individuals find themselves parties to tort claims that in turn increase the cost of doing business.

Your Committee believes that both businesses and consumers would benefit by a systematic evaluation of the appropriate nature, scope, and application of tort immunity and other adjustments to our tort system. Your Committee further notes the willingness of the various parties to participate in this comprehensive study.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 256 and recommends that it be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1295 Education on S.C.R. No. 120

The purpose of this concurrent resolution is to request that the University of Hawaii not reduce its budget for facility repair and maintenance, and to find other means to cope with its declining general fund appropriations.

Your Committee received testimony supporting this measure from the University of Hawaii.

Your Committee finds that the restoration of repairs and maintenance funding was the University's first priority in its increased operating budget request for the fiscal biennium 1997-1999. Funding for repairs and maintenance were not approved as part of the Executive operating budget but were included in the Executive capital improvements program budget. However, the University is currently at a stage where some repair and maintenance projects may have to be temporarily deferred to generate short-term savings.

Your Committee further finds that the deferral of repairs and maintenance at the University would jeopardize the quality of its programs as well as the health and safety of its students and employees.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 120 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige., D.).

SCRep. 1296 Education on S.R. No. 53

The purpose of this resolution is to request that the University of Hawaii not reduce its budget for facility repair and maintenance, and to find other means to cope with its declining general fund appropriations.

Your Committee received testimony supporting this measure from the University of Hawaii.

Your Committee finds that the restoration of repairs and maintenance funding was the University's first priority in its increased operating budget request for the fiscal biennium 1997-1999. Funding for repairs and maintenance were not approved as part of the

Executive operating budget but were included in the Executive capital improvements program budget. However, the University is currently at a stage where some repair and maintenance projects may have to be temporarily deferred to generate short-term savings.

Your Committee further finds that the deferral of repairs and maintenance at the University would jeopardize the quality of its programs as well as the health and safety of its students and employees.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 53 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 1297 Education on S.C.R. No. 143

The purpose of this concurrent resolution is to state the Legislature's support for the proposed establishment of a Hawaiian language college at the University of Hawaii at Hilo (University), and to encourage public and private assistance to establish the Hawaiian language college as expeditiously as possible.

Your Committee finds that the Hawaiian language program at the University is internationally known and designated by the governments of Polynesia to serve as the permanent secretariat of Polynesian Languages Forum in the preservation and development of their indigenous languages.

Your Committee also finds that the Hawaiian language program at the University is already the most developed Native American language program in the United States with a student enrollment larger than the majority of tribal colleges or similar indigenous colleges anywhere in the world.

Your Committee further finds that the establishment of a Hawaiian language college at the University would bring more recognition and resources to the University and will strengthen the role of the State and the county of Hawaii in the preservation of the Hawaiian language and its culture.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 143 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 1298 Education on S.R. No. 71

The purpose of this resolution is to state the Legislature's support for the proposed establishment of a Hawaiian language college at the University of Hawaii at Hilo (University), and to encourage public and private assistance to establish the Hawaiian language college as expeditiously as possible.

Your Committee finds that the Hawaiian language program at the University is internationally known and designated by the governments of Polynesia to serve as the permanent secretariat of Polynesian Languages Forum in the preservation and development of their indigenous languages.

Your Committee also finds that the Hawaiian language program at the University is already the most developed Native American language program in the United States with a student enrollment larger than the majority of tribal colleges or similar indigenous colleges anywhere in the world.

Your Committee further finds that the establishment of a Hawaiian language college at the University would bring more recognition and resources to the University and will strengthen the role of the State and the county of Hawaii in the preservation of the Hawaiian language and its culture.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 71 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 1299 Education on S.C.R. No. 169

The purpose of this concurrent resolution is to declare the Legislature's intent to appropriate \$600,000 per year to the University of Hawaii (University) for marine operations, student research cruises, marine instrument development, and other seagoing activities beginning July 1, 1999, contingent on the award of the operation of the new oceanographic SWATH or SLICE ship.

Your Committee received testimony supporting this measure from the University of Hawaii and the School of Ocean and Earth Science and Technology (SOEST).

Your Committee finds that President Clinton signed into law an appropriation of \$45 million to build a navy-owned SWATH-type research ship to replace the research vessel the MOANA WAVE that soon will be decommissioned.

Your Committee also finds that SOEST is the third strongest oceanographic institution in the United States in funding for ocean science. Without a research vessel SOEST would be unable to maintain that stature.

Your Committee further finds that the Office of Naval Research has determined that the operator of this ship will be selected through peer-reviewed proposals from academic institutions. Recent similar competitions have called for offers of matching commitments.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 169 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 1300 Education on S.R. No. 88

The purpose of this resolution is to declare the Legislature's intent to appropriate \$600,000 per year to the University of Hawaii (University) for marine operations, student research cruises, marine instrument development, and other seagoing activities beginning July 1, 1999, contingent on the award of the operation of the new oceanographic SWATH or SLICE ship.

Your Committee received testimony supporting this measure from the University of Hawaii and the School of Ocean and Earth Science and Technology (SOEST).

Your Committee finds that President Clinton signed into law an appropriation of \$45 million to build a navy-owned SWATH-type research ship to replace the research vessel the MOANA WAVE that soon will be decommissioned.

Your Committee also finds that SOEST is the third strongest oceanographic institution in the United States in funding for ocean science. Without a research vessel SOEST would be unable to maintain that stature.

Your Committee further finds that the Office of Naval Research has determined that the operator of this ship will be selected through peer-reviewed proposals from academic institutions. Recent similar competitions have called for offers of matching commitments.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 88 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Slom).

SCRep. 1301 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 125

The purpose of this concurrent resolution is to request the Public Utilities Commission to adopt rules to provide funding from the universal service fund for ASK-2000, and to consider funding ASK-2000 for the 1997-1999 fiscal biennium.

Your Committee received testimony in support of this measure from the Consumer Advocate. The Public Utilities Commission (PUC), Oceanic Communications, and GTE Hawaiian Telephone Incorporated submitted testimony in opposition.

Your Committee finds that the PUC has adopted rules to provide a mechanism to consider including a particular service in the group of services that will be subsidized or funded by the universal service fund, and that section 6-81-19, Hawaii Administrative Rules (HRA), allows any person, by written petition, to initiate a proceeding to add a service to the group of funded services.

Your Committee believes it is important to support this process and has amended this concurrent resolution by adding a reference to the rules already in place and by amending the title to read:

"URGING THE PUBLIC UTILITIES COMMISSION TO SUPPORT THE PROCESS ESTABLISHED UNDER SECTION 6-81-19, HAWAII ADMINISTRATIVE RULES, AND THROUGH THIS PROCESS, TO CONSIDER FUNDING SOME PORTION OF ASK-2000 FOR THE 1997-1999 FISCAL BIENNIUM."

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 125, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 125, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 1302 (Joint) Health and Environment and Human Resources on S.C.R. No. 19

The purpose of this concurrent resolution is to request the Auditor to assess the social and financial effects of requiring health insurers to offer coverage for post-mastectomy breast reconstruction surgery.

Your Committees received testimony in support of this measure from the Hawaii Medical Services Association (HMSA), American Cancer Society, and the Hawaii State Commission on the Status of Women.

Your Committees find that for many women who develop breast cancer and must have a mastectomy, surgical reconstruction is an integral part of proper treatment. For others, it is not necessary and is not wanted. For someone who needs reconstructive surgery, failure to allow it can result not only in physical disfigurement but in emotional and psychological disability. Removal of one breast, without reconstruction, can lead to postural imbalance resulting in back pain and even difficulty in movement. In such cases, disallowing payment for appropriate treatment which may even become medically necessary could prove to be contrary to the health and well-being of the patient in the long run. Therefore, your Committees find that a study on the advisability of requiring health insurance coverage for post-mastectomy breast reconstruction surgery is in the public interest.

Your Committees have amended this concurrent resolution to clarify the scope and specifics of the Auditor's study to better enable health insurers to assess their potential risk.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 19, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 19, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 6. Noes, none. Excused, 4 (Fukunaga, Tam, Anderson, Slom).

SCRep. 1303 (Joint) Health and Environment and Human Resources on S.R. No. 5

The purpose of this resolution is to request the Auditor to assess the social and financial effects of requiring health insurers to offer coverage for post-mastectomy breast reconstruction surgery.

Your Committees received testimony in support of this measure from the Hawaii Medical Services Association (HMSA), American Cancer Society, and the Hawaii State Commission on the Status of Women.

Your Committees find that for many women who develop breast cancer and must have a mastectomy, surgical reconstruction is an integral part of proper treatment. For others, it is not necessary and is not wanted. For someone who needs reconstructive surgery, failure to allow it can result not only in physical disfigurement but in emotional and psychological disability. Removal of one breast, without reconstruction, can lead to postural imbalance resulting in back pain and even difficulty in movement. In such cases, disallowing payment for appropriate treatment which may even become medically necessary could prove to be contrary to the health and well-being of the patient in the long run. Therefore, your Committees find that a study on the advisability of requiring health insurance coverage for post-mastectomy breast reconstruction surgery is in the public interest.

Your Committees have amended this resolution to clarify the scope and specifics of the Auditor's study to better enable health insurers to assess their potential risk.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources that are attached to this report, your Committees concur with the intent and purpose of S.R. No. 5, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 5, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 6. Noes, none. Excused, 4 (Fukunaga, Tam, Anderson, Slom).

SCRep. 1304 Health and Environment on S.C.R. No. 113

The purpose of this concurrent resolution is to request that the counties impose only a simple permit requirement in order to obtain permission to inter family members in family burial plots under state law.

The measure also requests that the County of Hawaii repeal or rescind any ordinances, rules, or procedures that may exceed this simple permit requirement.

Your Committee received testimony in support of the measure from a private citizen. The Department of Health testified in opposition to the measure. The president of the Hawaii Allied Memorial Council submitted comments.

Your Committee finds that in 1996, the Legislature enacted a law to permit the perpetuation of the family tradition of burying on one's own property family members desiring to be buried in family burial plots. Act 145, Session Laws of Hawaii 1996, in part, enacted a new law relating to family burial plots, codified as section 441-5.5, Hawaii Revised Statutes, which exempted owners of residential or agricultural property who use or intend to use their property for the interment of family members, from the law regulating cemetery and funeral trusts, so long as:

- (1) Burial plots on the owner's property are offered to family members only;
- (2) Burial plots are not sold or transferred to anyone, except as part of a sale or transfer of all or a substantial portion of the property; and
- (3) Any subsequent disinterment of any person interred on the property is conducted as though the property were cemetery property under section 6E-41, Hawaii Revised Statutes, which established requirements relating to the removal or redesignation of cemeteries.

It has recently come to the attention of your Committee that the County of Hawaii requires a planning committee hearing and a variance permit in order to bury a person on a private lot.

While your Committee understands that the counties may not have exceeded the expressed intent of Act 145, your Committee believes that public policy and legislative intent would best be effectuated by a simple permitting process without the need for a petition for use permit, which requires a public hearing.

Your Committee has amended the measure by deleting the last "WHEREAS" clause.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 113, as amended herein, and recommends that it be referred to the Committee on Transportation and Intergovernmental Affairs, in the form attached hereto as S.C.R. No. 113, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 1305 Health and Environment on S.R. No. 46

The purpose of this resolution is to request that the counties impose only a simple permit requirement in order to obtain permission to inter family members in family burial plots under state law.

The measure also requests that the County of Hawaii repeal or rescind any ordinances, rules, or procedures that may exceed this simple permit requirement.

Your Committee received testimony in support of the measure from a private citizen. The Department of Health testified in opposition to the measure. The president of the Hawaii Allied Memorial Council submitted comments.

Your Committee finds that in 1996, the Legislature enacted a law to permit the perpetuation of the family tradition of burying on one's own property family members desiring to be buried in family burial plots. Act 145, Session Laws of Hawaii 1996, in part, enacted a new law relating to family burial plots, codified as section 441-5.5, Hawaii Revised Statutes, which exempted owners of residential or agricultural property who use or intend to use their property for the interment of family members, from the law regulating cemetery and funeral trusts, so long as:

- (1) Burial plots on the owner's property are offered to family members only;
- (2) Burial plots are not sold or transferred to anyone, except as part of a sale or transfer of all or a substantial portion of the property; and
- (3) Any subsequent disinterment of any person interred on the property is conducted as though the property were cemetery property under section 6E-41, Hawaii Revised Statutes, which established requirements relating to the removal or redesignation of cemeteries.

It has recently come to the attention of your Committee that the County of Hawaii requires a planning committee hearing and a variance permit in order to bury a person on a private lot.

While your Committee understands that the counties may not have exceeded the expressed intent of Act 145, your Committee believes that public policy and legislative intent would best be effectuated by a simple permitting process without the need for a petition for use permit, which requires a public hearing.

Your Committee has amended the measure by deleting the last "WHEREAS" clause.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 46, as amended herein, and recommends that it be referred to the Committee on Transportation and Intergovernmental Affairs, in the form attached hereto as S.R. No. 46, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 1306 Health and Environment on S.C.R. No. 144

The purpose of this concurrent resolution is to urge greater efforts to address alcohol and substance abuse among Hawaii's children and youth, and devote more resources toward the treatment and prevention of alcohol and substance abuse.

Your Committee received testimony supporting this measure from the Department of Health, Board of Health, Office of Youth Services, Alcoholic Rehabilitation Services of Hawaii dba Hina Mauka, and twelve students who participated in the Teen Care Program.

Your Committee finds that additional alcohol and substance abuse treatment facilities and programs will help decrease the growing number of Hawaii's children and youth who are not receiving these services.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 144 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 1307 Health and Environment on S.C.R. No. 185

The purpose of this concurrent resolution is to help ensure that the children and adolescents in the Kalihi-Palama area continue to receive a full range of mental health and related services in a manner that is sensitive to the cultural and ethnic diversity of the residents of the community by requesting the Department of Health (DOH) to:

- (1) Retain the Kalihi-Palama Family Guidance Center (Center) in its current location with its current number of staff;
- (2) Fill the branch chief and all other positions on the organizational chart; and
- (3) Extend the contracts currently scheduled to expire on June 30, 1997.

The DOH submitted comments on the measure.

Your Committee finds that the Center is the only mental health outpatient clinic servicing children and adolescents in the Kalihi-Palama area, and that the Center's staff is sensitive to the cultural and ethnic diversity of the people of the community.

The DOH testified that the *Felix v. Waihee* consent decree requires the DOH and the Department of Education to work in a cooperative and coordinated manner to provide mental health services for children. As a result, the DOH is aligning its Family Guidance Centers so that their boundaries correspond to the boundaries of the school districts. Consequently, the DOH is planning to make an administrative change that will make the Kalihi-Palama facility a satellite of the Diamond Head Family Guidance Center for administrative purposes. The DOH stressed that it has no plans to close the Kalihi-Palama facility, nor move any staff. Therefore, residents of the Kalihi-Palama area will not have to travel to the Diamond Head facility to receive services.

However, your Committee notes that the DOH did not address the concerns expressed in the measure regarding the vacant positions in the Center. Your Committee feels that to effectively serve the residents of the Kalihi-Palama area, all the positions at the Center should be filled.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 185 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, none.

SCRep. 1308 (Joint) Health and Environment and Commerce, Consumer Protection, and Information Technology on S.C.R. No. 218

The purpose of this concurrent resolution is to request paperwork reduction reviews to be conducted by the Departments of Accounting and General Services, Commerce and Consumer Affairs, and Health.

Your Committees received testimony in support of this measure from the Department of Commerce and Consumer Affairs (DCCA), Department of Accounting and General Services (DAGS), and Department of Health (DOH).

Your Committees believe that reducing governmental bureaucratic paperwork is a necessity for streamlining government to make for a more efficient and effective delivery of public services, including regulatory matters for businesses.

Your Committees have amended this measure to reflect the ongoing efforts by the DCCA to reduce paperwork within its own resources and encouraging DAGS and DOH to do likewise.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 218, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 218, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 2 (Kanno, Solomon).

SCRep. 1309 (Joint) Health and Environment and Commerce, Consumer Protection, and Information Technology on S.R. No. 105

The purpose of this resolution is to request paperwork reduction reviews to be conducted by the Departments of Accounting and General Services, Commerce and Consumer Affairs, and Health.

Your Committees received testimony in support of this measure from the Department of Commerce and Consumer Affairs (DCCA), Department of Accounting and General Services (DAGS), and Department of Health (DOH).

Your Committees believe that reducing governmental bureaucratic paperwork is a necessity for streamlining government to make for a more efficient and effective delivery of public services, including regulatory matters for businesses.

Your Committees have amended this measure to reflect the ongoing efforts by the DCCA to reduce paperwork within its own resources and encouraging DAGS and DOH to do likewise.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees concur with the intent and purpose of S.R. No. 105, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 105, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 2 (Kanno, Solomon).

SCRep. 1310 (Joint) Health and Environment and Education on S.C.R. No. 247

The purpose of this concurrent resolution is to establish community-based and high school-based youth alcohol and substance abuse counseling and treatment programs. Specifically, this concurrent resolution requests the Department of Health (DOH) to:

- (1) In conjunction with the Department of Education (DOE), establish alcohol and substance abuse counseling and treatment referral programs in every high school in the State;

- (2) In conjunction with the Department of Human Services (DHS), establish community-based programs which identify children and youth who are out of school and in need of counseling and referral to alcohol and substance abuse programs; and
- (3) After consultation with the DOE and DHS, report its progress to the 1998 Legislature in developing and implementing the programs, and its statistics and other findings concerning children and youth who are out of school and in need of counseling and referral to alcohol and substance abuse programs, and concerning alcohol and substance abuse among children and youth in the State's high schools.

Your Committees heard testimony in favor of this concurrent resolution submitted by a concerned citizen. The Director of Health, Director of Human Services, and Superintendent of Education submitted testimony supporting the intent of the measure but expressed concerns regarding the additional funding that would be required to implement the measure.

After considering the testimony and the merits of this measure, your Committees acknowledged the fiscal restraints on the state agencies in establishing new programs and concluded that a review, inventory, and evaluation of existing resources is preferable at this time. Your Committees amended this concurrent resolution by:

- (1) Deleting the request to the DOH and DOE to establish alcohol and substance abuse counseling and treatment referral programs in Hawaii's high schools and replacing it with a request to review and take an inventory of those programs currently in existence;
- (2) Deleting the request to the DOH and DHS to establish community-based programs which identify children and youth who are out of school and in need of counseling and referral to alcohol and substance abuse programs and replacing it with a request to review and take an inventory of those programs currently in existence;
- (3) Replacing the contents requested to be included in the DOH's report to the 1998 Legislature with the following:
 - (A) A complete listing of all existing community-based and high school programs targeting children and youth for alcohol and substance abuse;
 - (B) An evaluation of the extent of alcohol and substance abuse by children and youth in the State based on existing statistical evidence;
 - (C) Identification of the existing gaps in service for children and youth with alcohol and substance abuse problems; and
 - (D) Recommendations for filling those gaps in services with appropriate programs; and
- (4) Amending the title of the measure to read as follows:

"SENATE CONCURRENT RESOLUTION REQUESTING THE EVALUATION OF EXISTING COMMUNITY-BASED AND HIGH SCHOOL-BASED PROGRAMS WHICH IDENTIFY CHILDREN AND YOUTH IN NEED OF COUNSELING AND REFERRAL TO ALCOHOL AND SUBSTANCE ABUSE PROGRAMS".

As affirmed by the records of votes of the members of your Committees on Health and Environment and Education that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 247, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 247, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 2 (Fernandes Salling, Ige, M.).

SCRep. 1311 Health and Environment on S.C.R. No. 273

The purpose of this concurrent resolution is to urge the Department of Health (Department) to implement the Goals Communication Plan as developed by the Environmental Advisory Task Force, to solicit greater public input in the development of environmental goals and objectives for the State.

Your Committee received testimony in support of the measure from the Department of Health.

Your Committee finds that for several decades, environmental protection efforts have been characterized by crisis management, complex regulations, and increased spending to address both real and perceived environmental problems. Recently, the Department questioned the value of this approach to environmental management and proceeded to set environmental goals and objectives to focus the State's limited resources on the most pressing problems. As a result of Act 26, Special Session Laws of Hawaii 1995, the Legislature created the Environmental Advisory Task Force (Task Force) to assist the Department in the development of these goals and objectives and advise the Department regarding the maximization of public participation in the development of the goals and objectives.

The Task Force was comprised of a diverse group representing most of the interested parties in the environmental community, including public interest environmental organizations, the regulated community, and government agencies, and represented an excellent example of a collaborative effort among the government, private business interests, and the general public.

The Task Force developed the Goals Communication Plan (Communication Plan) for the Department to use in soliciting public input for developing and implementing environmental goals and objectives. This concurrent resolution supports the implementation of the Task Force's recommendations.

Your Committee has amended the measure by requesting that the Department of Health establish a timetable for implementation of the recommendations of the Environmental Advisory Task Force and that the timetable specify that the implementation should be initiated no later than July 1, 1997.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 273, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 273, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, none.

SCRep. 1312 (Majority) Transportation and Intergovernmental Affairs on S.C.R. No. 164

The purpose of this concurrent resolution is to request that the State Department of Transportation, the City and County of Honolulu's Department of Transportation Services, and the Federal Highway Administration begin new discussions on a rapid transit plan for the City and County of Honolulu.

Your Committee received favorable testimony from the Department of Transportation which advised the Committee that these discussions would be consistent with the Oahu Regional Transportation Plan which contains a rapid transit system for Oahu.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.C.R. No. 164 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, 1 (Slom). Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1313 (Majority) Transportation and Intergovernmental Affairs on S.R. No. 84

The purpose of this resolution is to request that the State Department of Transportation, the City and County of Honolulu's Department of Transportation Services, and the Federal Highway Administration begin new discussions on a rapid transit plan for the City and County of Honolulu.

Your Committee received favorable testimony from the Department of Transportation which advised the Committee that these discussions would be consistent with the Oahu Regional Transportation Plan which contains a rapid transit system for Oahu.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.R. No. 84 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, 1 (Slom). Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1314 Transportation and Intergovernmental Affairs on S.C.R. No. 165

The purpose of this resolution is to request the Governor of the State of Hawaii to establish the Waipahu Centennial Celebration Advisory Commission (Commission) by executive order in order to afford the Commission protection from civil liability.

Your Committee received testimony supporting this measure from the Honolulu City Council.

Your Committee finds that the Commission was established in 1995 by Senate Resolution No. 237, and is currently comprised of three commissioners appointed by the Governor, two commissioners appointed by the Senate President, and two commissioners appointed by the Speaker of the House. Members of the Commission serve without pay.

Your Committee further finds that the Commission has been planning a celebration commemorating the one hundred year anniversary of the establishment of the Waipahu community with a parade scheduled to kick off the celebration on or about June 21, 1997.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 85 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1315 Transportation and Intergovernmental Affairs on S.R. No. 85

The purpose of this concurrent resolution is to request the Governor of the State of Hawaii to establish the Waipahu Centennial Celebration Advisory Commission (Commission) by executive order in order to afford the Commission protection from civil liability.

Your Committee received testimony supporting this measure from the Honolulu City Council.

Your Committee finds that the Commission was established in 1995 by Senate Resolution No. 237, and is currently comprised of three commissioners appointed by the Governor, two commissioners appointed by the Senate President, and two commissioners appointed by the Speaker of the House. Members of the Commission serve without pay.

Your Committee further finds that the Commission has been planning a celebration commemorating the one hundred year anniversary of the establishment of the Waipahu community with a parade scheduled to kick off the celebration on or about June 21, 1997.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 165 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1316 Transportation and Intergovernmental Affairs on S.C.R. No. 183

The purpose of this concurrent resolution is to express legislative support for the Hazard Mitigation plan developed in response to the Waianae District flooding.

Your Committee received testimony in support of this measure from the State Department of Defense, Civil Defense Division and the Adjutant General.

Your Committee finds that in response to the Federal Disaster declared on November 26, 1996, for the Oahu floods, a joint Federal-State-Local Interagency Hazard Mitigation Team was convened to identify the causes of the flooding and to develop recommended corrective actions.

The Mitigation Team, which included the State Civil Defense Division and the Federal Emergency Management Agency, developed a Hazard Mitigation plan that addresses immediate recovery needs, supports long-term redevelopment objectives, and promotes mitigation as the cornerstone for reducing future damage in all communities in the State.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 183 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 1317 Transportation and Intergovernmental Affairs on S.C.R. No. 204

The purpose of this concurrent resolution is to urge the Department of Transportation to immediately construct crossing gates and flashing signals at railroad crossings in the State of Hawaii, specifically in the areas of Barbers Point Access Road on Oahu and Kawaialoa Boulevard on Maui.

Your Committee received testimony in support of the intent of this concurrent resolution from the Department of Transportation. The Police Department of the City and County of Honolulu submitted comments.

Your Committee finds that on numerous occasions Hawaii motorists have failed to stop after trains have begun crossing and sounding signals, placing the safety of train passengers, crew, and the occupants of vehicles in jeopardy. Accidents such as the collision in Lahaina, Maui between a school bus and the Sugar Cane Train in February of 1995, highlight that it is safer to wait for the train to pass, and then proceed to the other side.

Your Committee believes it is in the best interest of the general public that crossing gates and flashing signals be installed at all railroad crossings in the State.

Your Committee has amended this resolution by deleting Barbers Point Access Road on Oahu and Kawaialoa Boulevard on Maui; and substituting the railroad crossing locations such as Fort Barrette Road, Kalaeloa Boulevard, and Aliinui Drive on Oahu, and Puukoli Road, Kaniau Road, Wahikuli Road, Fleming Road, and Kapunakea Street on Maui. Your Committee also has amended this concurrent resolution by urging the Department of Transportation to devise a plan for installing, rather than immediately constructing, crossing gates and flashing signals or manually operated forms of barriers, and to begin construction of these barriers as soon as funds become available. Technical, nonsubstantive changes were made for purposes of style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 204, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 204, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1318 Transportation and Intergovernmental Affairs on S.R. No. 98

The purpose of this resolution is to urge the Department of Transportation to immediately construct crossing gates and flashing signals at railroad crossings in the State of Hawaii, specifically in the areas of Barbers Point Access Road on Oahu and Kawaialoa Boulevard on Maui.

Your Committee received testimony in support of the intent of this resolution from the Department of Transportation. The Police Department of the City and County of Honolulu submitted comments.

Your Committee finds that on numerous occasions Hawaii motorists have failed to stop after trains have begun crossing and sounding signals, placing the safety of train passengers, crew, and the occupants of vehicles in jeopardy. Accidents such as the

collision in Lahaina, Maui between a school bus and the Sugar Cane Train in February of 1995, highlight that it is safer to wait for the train to pass, and then proceed to the other side.

Your Committee believes it is in the best interest of the general public that crossing gates and flashing signals be installed at all railroad crossings in the State.

Your Committee has amended this resolution by deleting Barbers Point Access Road on Oahu and Kawaialoa Boulevard on Maui; and substituting the railroad crossing locations such as Fort Barrette Road, Kalaeloa Boulevard, and Aliinui Drive on Oahu, and Puukolii Road, Kaniau Road, Wahikuli Road, Fleming Road, and Kapunakea Street on Maui. Your Committee also has amended this concurrent resolution by urging the Department of Transportation to devise a plan for installing, rather than immediately constructing, crossing gates and flashing signals or manually operated forms of barriers, and to begin construction and these barriers as soon as funds become available. Technical, nonsubstantive changes were made for purposes of style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 98, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 98, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1319 Transportation and Intergovernmental Affairs on S.C.R. No. 205

The purpose of this concurrent resolution is to request the Department of Transportation to examine the feasibility of designing, planning, and constructing a new bridge into Wahiawa.

Your Committee received testimony in support of this measure from the Whitmore Community Association, and several area residents. Testimony in opposition to this measure was submitted by the Department of Transportation.

Your Committee finds that currently, Kamehameha Highway is the only public entrance into Wahiawa at the northern end of the community. Periodically, the bridge over Kamehameha Highway must be shut down due to flooding, causing a significant amount of traffic congestion and inconvenience to area residents.

Your Committee believes that the feasibility of constructing an alternate traffic corridor into the northern portion of Wahiawa should be studied because it may significantly alleviate the problems associated with flooding at the existing bridge.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 205 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 1320 Transportation and Intergovernmental Affairs on S.R. No. 99

The purpose of this resolution is to request the Department of Transportation to examine the feasibility of designing, planning, and constructing a new bridge into Wahiawa.

Your Committee received testimony in support of this measure from the Whitmore Community Association, and several area residents. Testimony in opposition to this measure was submitted by the Department of Transportation.

Your Committee finds that currently, Kamehameha Highway is the only public entrance into Wahiawa at the northern end of the community. Periodically, the bridge over Kamehameha Highway must be shut down due to flooding, causing a significant amount of traffic congestion and inconvenience to area residents.

Your Committee believes that the feasibility of constructing an alternate traffic corridor into the northern portion of Wahiawa should be studied because it may significantly alleviate the problems associated with flooding at the existing bridge.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 99 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 1321 (Majority) Transportation and Intergovernmental Affairs on S.C.R. No. 210

The purpose of this concurrent resolution is to request all state departments to phase out the use of government-owned passenger motor vehicles to perform state business by encouraging state employees to use their personal vehicles.

Your Committee received testimony expressing serious concerns of the intent and purpose of this concurrent resolution from the Hawaii Government Employees Association.

Your Committee finds that many state employees drive their personal motor vehicles to work which remain idle during most of the working day. If proper incentives were designated for state employees to utilize their personal vehicles during the work day, most state employees would undoubtedly opt to use their vehicles to perform job-related duties. The use of personal motor vehicles may lessen the liability to the State and curtail the ridership of unauthorized passengers on government-owned passenger vehicles.

Your Committee has taken into consideration the concerns of the Hawaii Government Employees Association and amended this concurrent resolution by requesting the auditor to conduct a study to determine the impact of phasing out the use of government-owned passenger motor vehicles to perform state business by encouraging state employees to use their personal vehicles.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 210, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 210, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, 2 (Chumbley, Kanno). Excused, 2 (Aki, Fernandes Salling).

SCRep. 1322 Transportation and Intergovernmental Affairs on S.C.R. No. 223

The purpose of this concurrent resolution is to request the City and County of Honolulu (City) Zoning Committee to provide an opportunity for opening up the Royal Kunia Golf Course in order to follow through with the planned community development.

Your Committee received testimony in support of this concurrent resolution from the Waipahu community residents.

Your Committee finds that the construction of Royal Kunia Golf Course was completed in November, 1994, but never opened because fees to the City remain unpaid by the developer. Your Committee further finds that the Royal Kunia Golf Course should not be made to languish since it would be a good business and community partner to Waipahu. Your Committee believes that the City should explore all possible alternative solutions to resolve this matter to the advantage of all parties.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 223 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1323 Transportation and Intergovernmental Affairs on S.R. No. 109

The purpose of this resolution is to request the City and County of Honolulu (City) Zoning Committee to provide an opportunity for opening up the Royal Kunia Golf Course in order to follow through with the planned community development.

Your Committee received testimony in support of this resolution from the Waipahu community residents.

Your Committee finds that the construction of Royal Kunia Golf Course was completed in November, 1994, but never opened because fees to the City remain unpaid by the developer. Your Committee further finds that the Royal Kunia Golf Course should not be made to languish since it would be a good business and community partner to Waipahu. Your Committee believes that the City should explore all possible alternative solutions to resolve this matter to the advantage of all parties.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 109 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1324 Transportation and Intergovernmental Affairs on S.C.R. No. 242

The purpose of this concurrent resolution is to urge Hawaii's Congressional Delegation to support and enact measures to redirect the revenue from the 4.3 cent federal motor fuels tax increase into the Highway Trust Fund, and to remove the Highway Trust Fund from the unified budget before Congress completes the 1998 fiscal year budget resolution.

Your Committee received favorable testimony in support of this concurrent resolution from the Department of Transportation and the Hawaii Transportation Association.

In 1993 Congress enacted a 4.3 cent per gallon increase in the motor fuels highway user fee which goes into the Treasury general fund for deficit reduction rather than into the Highway Trust Fund. Congress is presently reauthorizing the Federal Intermodal Surface Transportation Efficiency Act which allocates federal highway user fee revenues among the states. Unless the additional 4.3 cent per gallon revenues are redirected into the Highway Trust Fund, Hawaii could lose its present allocation level and access to these additional revenues since the debates over the allocation of Highway Trust Funds are anticipated to be very contentious due to increasing highway construction and maintenance demands nationwide.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.C.R. No. 242 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1325 Transportation and Intergovernmental Affairs on S.R. No. 121

The purpose of this resolution is to urge Hawaii's Congressional Delegation to support and enact measures to redirect the revenue from the 4.3 cent federal motor fuels tax increase into the Highway Trust Fund, and to remove the Highway Trust Fund from the unified budget before Congress completes the 1998 fiscal year budget resolution.

Your Committee received favorable testimony in support of this resolution from the Department of Transportation and the Hawaii Transportation Association.

In 1993 Congress enacted a 4.3 cent per gallon increase in the motor fuels highway user fee which goes into the Treasury general fund for deficit reduction rather than into the Highway Trust Fund. Congress is presently reauthorizing the Federal Intermodal Surface Transportation Efficiency Act which allocates federal highway user fee revenues among the states. Unless the additional 4.3 cent per gallon revenues are redirected into the Highway Trust Fund, Hawaii could lose its present allocation level and access to these additional revenues since the debates over the allocation of Highway Trust Funds are anticipated to be very contentious due to increasing highway construction and maintenance demands nationwide.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.R. No. 121 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1326 Transportation and Intergovernmental Affairs on S.R. No. 137

The purpose of this resolution is to request the Department of Transportation to conduct a feasibility study of developing a master plan for improving the efficiency of Kaneohe Bay Drive.

Your Committee received testimony in support of the intent of this resolution from the Department of Transportation.

Your Committee finds that community concerns exist over the volume of traffic, the frequency of accidents, and the need for maintenance and improvements along the stretch of Kaneohe Bay Drive in Kaneohe that runs past the shopping center and the high school from Likelike Highway to the Mokapu Boulevard Junction. This stretch of highway provides access to Kailua and downtown Honolulu and is considered a major thoroughfare for Kaneohe.

Your Committee has amended this resolution by requesting the Department of Transportation to conduct a traffic assessment study instead of developing a master plan. The traffic assessment of a roadway would involve evaluation and recommendation as to various types of improvements such as installation of traffic signals, medians, storage lanes, pedestrian facilities, and bicycle facilities.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 137, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 137, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 1327 (Joint) Economic Development and Judiciary on S.C.R. No. 23

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to issue a request for proposals to nonprofit corporations of recognized standing in the thoroughbred industry to conduct an economic study on the establishment of horse racing and parimutuel wagering on horse racing in Hawaii.

Your Committees received testimony in support of this measure from MacFarms of Hawaii and a private citizen. Testimony in opposition to this measure was received from the Department of the Attorney General.

Your Committees find that the development of a strictly controlled, regulated, and policed parimutuel horse racing industry in Hawaii may help to expand and diversify the State's economic base.

Your Committees further find, however, that the potential economic benefits to the State and its citizens from horse racing must be objectively considered and weighed against all potential adverse social impacts.

Your Committees have amended this measure by:

- (1) Deleting the name of the company that conducted the national economic study referred to in the measure and the date the study was published;
- (2) Requesting the Legislative Reference Bureau to take the lead in conducting the comprehensive economic study for Hawaii, in consultation with a nonprofit corporation of recognized national standing in the thoroughbred industry;
- (3) Providing that the study also include an analysis of adverse social impacts; and
- (4) Providing that the study also include recommendations for the structure of relevant state taxes.

As affirmed by the records of votes of the members of your Committees on Economic Development and Judiciary that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 23, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 23, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 5 (Iwase, Metcalf, Sakamoto, Taniguchi, Anderson).

SCRep. 1328 (Joint) Education and Judiciary on S.C.R. No. 201

The purpose of this concurrent resolution is to request that the Department of Education (DOE) and the Department of Public Safety (DPS) form a partnership to provide more specialized in-service training opportunities for school security attendants.

Your Committees received testimony supporting this measure from the DOE, the DPS, the Hawaii Congress of Parents, Teachers, and Students, and a student from Lahainaluna High School.

Your Committees find that the incidence of unrest and disruption in our schools is steadily increasing. In 1987, a federally funded twenty state National Adolescent Student Health Survey of more than eleven thousand adolescents found that an average of 34.5 percent of all students were threatened with violence while at school or on a school bus.

Your Committees find that the campus security program began with volunteer parents providing visible presence on campus prior to security attendants becoming civil servants. School security attendants are not required to possess any specialized, security-related skills, knowledge, or abilities prior to being hired by the State, and are not required to successfully complete a State-run preservice training program that teaches job candidates these specialized skills, knowledge, and abilities prior to assuming the job of school security attendant.

Your Committees amended this concurrent resolution by:

- (1) Clarifying that the DOE is responsible for the training, funding, and liability of its school security attendants, and the DPS would not assume any civil or criminal liability;
- (2) Requesting that the DOE and the DPS develop a plan of action for immediate implementation; and
- (3) Requesting that the DOE and the DPS submit a report on the progress of the school security attendant training plan to the Legislature no later than twenty days prior to the convening of the Regular Session of 1998.

As affirmed by the records of votes of the members of your Committees on Education and Judiciary that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 201, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 201, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 5 (Bunda, Fernandes Salling, Ige, D., Metcalf, Anderson).

SCRep. 1329 (Joint) Education and Judiciary on S.R. No. 95

The purpose of this resolution is to request that the Department of Education (DOE) and the Department of Public Safety (DPS) form a partnership to provide more specialized in-service training opportunities for school security attendants.

Your Committees received testimony supporting this measure from the DOE, the DPS, the Hawaii Congress of Parents, Teachers, and Students, and a student from Lahainaluna High School.

Your Committees find that the incidence of unrest and disruption in our schools is steadily increasing. In 1987, a federally funded twenty state National Adolescent Student Health Survey of more than eleven thousand adolescents found that an average of 34.5 percent of all students were threatened with violence while at school or on a school bus.

Your Committees find that the campus security program began with volunteer parents providing visible presence on campus prior to security attendants becoming civil servants. School security attendants are not required to possess any specialized, security-related skills, knowledge, or abilities prior to being hired by the State, and are not required to successfully complete a State-run preservice training program that teaches job candidates these specialized skills, knowledge, and abilities prior to assuming the job of school security attendant.

Your Committees amended this resolution by:

- (1) Clarifying that the DOE is responsible for the training, funding, and liability of its school security attendants, and the DPS would not assume any civil or criminal liability;
- (2) Requesting that the DOE and the DPS develop a plan of action for immediate implementation; and
- (3) Requesting that the DOE and the DPS submit a report on the progress of the school security attendant training plan to the Legislature no later than twenty days prior to the convening of the Regular Session of 1998.

As affirmed by the records of votes of the members of your Committees on Education and Judiciary that are attached to this report, your Committees concur with the intent and purpose of S.R. No. 95, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 95, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 4 (Bunda, Fernandes Salling, Ige, D., Anderson).

SCRep. 1330 Judiciary on S.C.R. No. 2

The purpose of this Concurrent Resolution is to request that a study be conducted to establish an appropriate salary structure for all state justices and judges with the rates of compensation at each court level to be supplemented by increments for length of continuous creditable service in the state judiciary.

Testimony in support of this Concurrent Resolution was submitted by the Hawaii State Bar Association. The Judiciary submitted testimony with suggested amendments.

Your Committee finds that there is a legitimate need to ensure that the most highly qualified individuals will continue to serve the State of Hawaii Judiciary. Your Committee further believes that in order to establish fair and reasonable compensation levels that can be applied to all judges and justices, further study is needed in order for the Legislature to recommend these levels as well as approve an objective mechanism for salary adjustments, when appropriate and necessary.

Your Committee has amended this Concurrent Resolution by:

- (1) Changing the title to more clearly express the intent of the Concurrent Resolution; and
- (2) Adding several clauses noting past studies and recommendations related to judicial pay raises made by the Judicial Salary Commission.

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 S.C.R. No. 2, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1331 Judiciary on S.C.R. No. 51

The purpose of this Concurrent Resolution is to urge the State of Hawaii to join a coalition of states now suing the tobacco companies for increased costs of local medical care due to their alleged negligent and deceptive practices.

Testimony in support of this Concurrent Resolution was submitted by the Department of Health and the Hawaii State Bar Association. The Hawaii State Bar Association testified that the State of Hawaii has in fact joined the law suit.

Your Committee finds that this Concurrent Resolution is the product of the 1996 Democratic Party State Convention. As such it appropriately presaged the State of Hawaii's recent joining of a law suit against tobacco companies. Your Committee finds that the substance and intent of this Concurrent Resolution should be acknowledged.

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 S.C.R. No. 51 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1332 Judiciary on S.C.R. No. 199

The purpose of this Concurrent Resolution is to request the Domestic Violence Clearinghouse and Legal Hotline to establish a task force to study the effectiveness of batterer treatment programs for perpetrators of domestic violence and the need for treatment as a requirement for persons convicted of offenses involving the abuse of a family or household member.

Your Committee finds that although current law requires persons convicted of misdemeanor offenses of domestic abuse to undergo available domestic violence treatment and counseling, there is no corresponding requirement for persons convicted of felony offenses involving abuse of a family or household member. Your Committee believes that all perpetrators of domestic violence should be treated consistently in terms of batterer treatment requirements, regardless of whether they are felons, misdemeanants, or petty misdemeanants.

Your Committee further finds that increased perpetrator accountability is a critical need in the community given the growing number of reported domestic violence cases in Hawaii. Although batterer treatment programs and standards for treatment have been developed, your Committee believes that the Legislature would benefit from information regarding the effectiveness of existing batterer treatment programs and the need for required treatment for convicted perpetrators of domestic violence.

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 S.C.R. No. 199 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1333 Judiciary on S.C.R. No. 219

The purpose of this Concurrent Resolution is to establish a task force under the Hawaii State Coalition Against Domestic Violence to study the need for programs to assist children who witness domestic violence.

Your Committee finds that the public welfare is threatened when children are exposed to violence in their homes because the violence is perpetuated through learned behavior passed from generation to generation if not addressed through comprehensive prevention programs at an early age. Your Committee further finds that child witnesses suffer psychological and emotional damage and other developmental problems which require immediate and specialized assistance through counseling and treatment.

Accordingly, your Committee believes that the public and the Legislature will benefit from a study which identifies the effects of domestic violence on child witnesses and which makes recommendations about specific prevention and treatment programs to assist children in learning non-violent behaviors and recovering from exposure to violence in the home.

Your Committee has amended this Concurrent Resolution by making technical nonsubstantive amendments for the purposes of clarification 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 concurs with the intent and purpose of S.C.R. No. 219, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 219, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1334 Judiciary on S.C.R. No. 240

The purpose of this concurrent resolution, as received by your Committee, is to request the Department of Public Safety to issue badges and identification cards to persons who have completed a training program on service of process with the Sheriff's office.

Your Committee received testimony in support of this measure from private attorneys. The Department of Public Safety strongly opposed this resolution.

Your Committee finds that the legal community relies heavily on deputy sheriffs to serve legal documents. Your Committee further finds that in the interest of a more efficient and expeditious legal system, process servers must possess some form of proper identification, otherwise the public may refuse acceptance of the legal documents being served.

Upon further consideration, your Committee has amended this resolution by requesting the Department of Public Safety to do the following:

- 1) Review and assess its policy with respect to the issuance of badges and/or identification cards to persons who have completed a training program on service of process;
- 2) Submit a report to the Legislature, which includes suggested amendments to the Hawaii Revised Statutes regarding service of process; and
- 3) Issue appropriate identification cards to process servers, rather than to authorize their personnel to carry their badges.

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 S.C.R. No. 240, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 240, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 1335 Judiciary on S.R. No. 119

The purpose of this Resolution, as received by your Committee, is to request the Department of Public Safety to issue badges and identification cards to persons who have completed a training program on service of process with the Sheriff's office.

Your Committee received testimony in support of this measure from private attorneys. The Department of Public Safety strongly opposed this resolution.

Your Committee finds that the legal community relies heavily on deputy sheriffs to serve legal documents. Your Committee further finds that in the interest of a more efficient and expeditious legal system, process servers must possess some form of proper identification, otherwise the public may refuse acceptance of the legal documents being served.

Upon further consideration, your Committee has amended this Resolution by requesting the Department of Public Safety to do the following:

- 1) Review and assess its policy with respect to the issuance of badges and/or identification cards to persons who have completed a training program on service of process;
- 2) Submit a report to the Senate, which includes suggested amendments to the Hawaii Revised Statutes regarding service of process; and
- 3) Issue appropriate identification cards to process servers, rather than to authorize their personnel to carry their badges.

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 S.R. No. 119, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 119, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 1336 Health and Environment on S.C.R. No. 114

The purpose of this measure is to encourage Hawaii's congressional delegation to support legislation authorizing a federal income tax checkoff for the purpose of allowing taxpayers to designate a portion of their taxes for an environmental fund in their own state to be used for environmental purposes.

Your Committee received testimony from the Department of Health supporting the measure to the extent that it encourages efforts to improve funding for state environmental programs. However, it noted that support for causes tends to drift away, whereas support for local programs is more likely to result in long-term improvements in environmental quality. For this reason, the Department of Health suggested that the language be changed to designate federal taxes for environmental management programs instead of environmental purposes.

After considering the merits of the Department of Health's testimony, your Committee amended this measure by indicating that federal taxes be designated for environmental management programs instead of environmental purposes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 114, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 114, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, none.

SCRep. 1337 Health and Environment on S.R. No. 47

The purpose of this measure is to encourage Hawaii's congressional delegation to support legislation authorizing a federal income tax checkoff for the purpose of allowing taxpayers to designate a portion of their taxes for an environmental fund in their own state to be used for environmental purposes.

Your Committee received testimony from the Department of Health supporting the measure to the extent that it encourages efforts to improve funding for state environmental programs. However, it noted that support for causes tends to drift away, whereas support for local programs is more likely to result in long-term improvements in environmental quality. For this reason, the Department of Health suggested that the language be changed to designate federal taxes for environmental management programs instead of environmental purposes.

After considering the merits of the Department of Health's testimony, your Committee amended this measure by indicating that federal taxes be designated for environmental management programs instead of environmental purposes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 47, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 47, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, none.

SCRep. 1338 Health and Environment on S.C.R. No. 155

The purpose of this concurrent resolution is to request the Department of Human Services with the assistance of the Department of Health to examine and reconsider the appropriateness of the formulary approved for QUEST patients and the process of authorizing the use of non-formulary drugs.

There have been numerous concerns regarding the appropriate dispensing of prescription medications to QUEST patients. For example, some physicians claim that certain approved drugs on the QUEST formulary are dangerous and rarely used now and that certain drugs appear to be included in the approved formulary primarily because they are less expensive. This concurrent resolution seeks to enhance the system of dispensing prescription medications by physicians under the QUEST program.

The Department of Human Services, Straub Clinic & Hospital, and Integrated Pharmaceutical Services submitted testimony in opposition to this measure. They indicated that this concurrent resolution is not necessary.

The State Planning Council on Developmental Disabilities and Mental Health Association in Hawai'i supported this concurrent resolution. HMSA testified, but did not indicate its position. The State Planning Council on Developmental Disabilities believes that this concurrent resolution will help stop the problem of prescribing medications for individuals on QUEST that may not be appropriate for their medical condition (i.e., mental illness, heart disease, strokes, diabetes, and epilepsy). The Mental Health Association in Hawai'i argues that if the Department of Human Services addresses the seven concerns below, the system of dispensing medication to individuals on Quest will be less confusing, less time consuming, more streamlined, and easier for both doctors and individuals on Quest to understand:

- (1) How the Quest formulary is established;
- (2) How changes are made to it;
- (3) Who makes recommendations for inclusion or removal of certain drugs, including medical experts and managed care professionals;
- (4) Who has the final decision-making authority on questions relating to the QUEST formulary;
- (5) To what extent does cost decide which drugs are included or removed;

- (6) Whether certain drugs that are effective and are free of dangerous side effects have been removed from the formulary approved for the QUEST program because they are expensive and without good medical reasons; and
- (7) Whether the current structure of the QUEST formulary and the corollary procedures for authorizing non- formulary drugs have resulted in harm to QUEST patients receiving health care because of physicians' aversion to the required amount of necessary paperwork.

After thoroughly reviewing the merits of this concurrent resolution and aforementioned testimonies, your Committee finds that this proposal is reasonable and its passage will result in a more efficient system of dispensing medication.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 155 and recommends that it be referred to the Committee on Human Resources.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 1339 Health and Environment on S.R. No. 80

The purpose of this resolution is to request the Department of Human Services with the assistance of the Department of Health to examine and reconsider the appropriateness of the formulary approved for QUEST patients and the process of authorizing the use of non-formulary drugs.

There have been numerous concerns regarding the appropriate dispensing of prescription medications to QUEST patients. For example, some physicians claim that certain approved drugs on the QUEST formulary are dangerous and rarely used now and that certain drugs appear to be included in the approved formulary primarily because they are less expensive. This resolution seeks to enhance the system of dispensing prescription medications by physicians under the QUEST program.

The Department of Human Services, Straub Clinic & Hospital, and Integrated Pharmaceutical Services submitted testimony in opposition to this measure. They indicated that this resolution is not necessary.

The State Planning Council on Developmental Disabilities and Mental Health Association in Hawai'i supported this resolution. HMSA testified, but did not indicate its position. The State Planning Council on Developmental Disabilities believes that this resolution will help stop the problem of prescribing medications for individuals on QUEST that may not be appropriate for their medical condition (i.e., mental illness, heart disease, strokes, diabetes, and epilepsy). The Mental Health Association in Hawai'i argues that if the Department of Human Services addresses the seven concerns below, the system of dispensing medication to individuals on Quest will be less confusing, less time consuming, more streamlined, and easier for both doctors and individuals on Quest to understand:

- (1) How the Quest formulary is established;
- (2) How changes are made to it;
- (3) Who makes recommendations for inclusion or removal of certain drugs, including medical experts and managed care professionals;
- (4) Who has the final decision-making authority on questions relating to the QUEST formulary;
- (5) To what extent does cost decide which drugs are included or removed;
- (6) Whether certain drugs that are effective and are free of dangerous side effects have been removed from the formulary approved for the QUEST program because they are expensive and without good medical reasons; and
- (7) Whether the current structure of the QUEST formulary and the corollary procedures for authorizing non- formulary drugs have resulted in harm to QUEST patients receiving health care because of physicians' aversion to the required amount of necessary paperwork.

After thoroughly reviewing the merits of this resolution and aforementioned testimonies, your Committee finds that this proposal is reasonable and its passage will result in a more efficient system of dispensing medication.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 80 and recommends that it be referred to the Committee on Human Resources.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 1340 Health and Environment on S.C.R. No. 220

The purpose of this concurrent resolution is to request the Department of Health to establish a committee to examine policies and procedures for post-exposure care of survivors of sexual assault.

Your Committee received testimony in support of this concurrent resolution from the Department of Health and University of Hawaii School of Public Health. The Department of the Attorney General submitted testimony in support of the intent of this measure, but recommended that it be included in the committee to lend a criminal justice perspective to the effort.

Currently the Department of Health, in conjunction with the Sex Abuse Treatment Center, provides special HIV counseling and testing for all survivors of sexual assault. However, there is much concern regarding the sexual health status of the sex offender. In fact, the issue of mandatory HIV testing on sex offenders by request of the survivor has created much heated debate. The adoption of this concurrent resolution would create a committee to appropriately examine issues pertaining to post-exposure care of survivors of sexual assault.

After thorough review of the merits of this concurrent resolution and the aforementioned testimonies, your Committee amended this measure by including a representative from the Department of the Attorney General as a member of the committee responsible for examining the current policies and procedures for post-exposure care of survivors of sexual assault.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 220, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 220, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, none.

SCRep. 1341 Health and Environment on S.C.R. No. 258

The purpose of this concurrent resolution is to:

- (1) Increase compliance with the existing state law that prohibits the sale of tobacco products to minors; and
- (2) Reduce the illegal over-the-counter sale of tobacco products to minors,

by requesting the Department of Health (DOH) to develop language for legislation to create a retail tobacco licensure mechanism.

Supportive testimony on the measure was received from the American Lung Association of Hawaii, Hawaii Food Industry Association, and Department of Health. The Police Department of the City and County of Honolulu submitted testimony supporting the intent of the measure.

According to the DOH's testimony, tobacco use is the leading cause of preventable illness and death in the country and the State. In Hawaii, 1,182 residents died as a result of tobacco-related illness in 1995, representing 16 percent of all resident deaths, and tobacco causes an astounding \$328,000,000 in economic losses.

The DOH further stated that cigarette smoking among our youth is now on the rise after a period of steady decline. In 1980, only 22 percent of Hawaii's high school seniors were regular smokers. Today, we have a higher percentage of high school students who are regular smokers (32.4 percent) than adults (19.5 percent).

The enforcement of the law prohibiting the sale of tobacco products has been inconsistent at best. The sale of cigarettes to children and adolescents is an all too common practice in Hawaii. In fact, a 1995 DOH study on reducing minor's access to tobacco in Hawaii found that minors were regularly able to purchase cigarettes from retail outlets 43 percent of the time, and from vending machines 80 percent of the time.

Additionally, your Committee finds that the Synar Amendment (section 1926 of the federal Alcohol, Drug Abuse and Mental Health Administration Reorganization Act) requires all states to enforce laws restricting the sale of tobacco to minors in a manner that can reasonably be expected to reduce the availability of tobacco products to minors. Noncompliance with the Synar Amendment could result in the loss of up to 40 percent of the Substance Abuse Prevention and Treatment Block Grant to the DOH.

In light of these facts, your Committee feels strongly that effective and proven measures should be taken to prevent the addiction of our children to tobacco products. A retail tobacco sales license is a key element to reducing youth access to tobacco and the illegal sale of tobacco to minors.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 258 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, none.

SCRep. 1342 Health and Environment on S.R. No. 126

The purpose of this resolution is to:

- (1) Increase compliance with the existing state law that prohibits the sale of tobacco products to minors; and
- (2) Reduce the illegal over-the-counter sale of tobacco products to minors,

by requesting the Department of Health (DOH) to develop language for legislation to create a retail tobacco licensure mechanism.

Supportive testimony on the measure was received from the American Lung Association of Hawaii, Hawaii Food Industry Association, and Department of Health. The Police Department of the City and County of Honolulu submitted testimony supporting the intent of the measure.

According to the DOH's testimony, tobacco use is the leading cause of preventable illness and death in the country and the State. In Hawaii, 1,182 residents died as a result of tobacco-related illness in 1995, representing 16 percent of all resident deaths, and tobacco causes an astounding \$328,000,000 in economic losses.

The DOH further stated that cigarette smoking among our youth is now on the rise after a period of steady decline. In 1980, only 22 percent of Hawaii's high school seniors were regular smokers. Today, we have a higher percentage of high school students who are regular smokers (32.4 percent) than adults (19.5 percent).

The enforcement of the law prohibiting the sale of tobacco products has been inconsistent at best. The sale of cigarettes to children and adolescents is an all too common practice in Hawaii. In fact, a 1995 DOH study on reducing minor's access to tobacco in Hawaii found that minors were regularly able to purchase cigarettes from retail outlets 43 percent of the time, and from vending machines 80 percent of the time.

Additionally, your Committee finds that the Synar Amendment (section 1926 of the federal Alcohol, Drug Abuse and Mental Health Administration Reorganization Act) requires all states to enforce laws restricting the sale of tobacco to minors in a manner that can reasonably be expected to reduce the availability of tobacco products to minors. Noncompliance with the Synar Amendment could result in the loss of up to 40 percent of the Substance Abuse Prevention and Treatment Block Grant to the DOH.

In light of these facts, your Committee feels strongly that effective and proven measures should be taken to prevent the addiction of our children to tobacco products. A retail tobacco sales license is a key element to reducing youth access to tobacco and the illegal sale of tobacco to minors.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 126 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1343 Health and Environment on S.C.R. No. 274

The purpose of this concurrent resolution is to request that the Department of Health (DOH) seek input from the affected communities regarding alternatives for providing clinically appropriate mental health intervention services to the East Honolulu residents who have been relying on the Life Skills Program at the Diamond Head Community Mental Health Center.

Testimony in support of the measure was received from the Diamond Head Service Area Board on Mental Health and Substance Abuse, Mental Health Association in Hawaii, Oahu Alliance for the Mentally Ill, and a number of concerned individuals. The Department of Health submitted comments on the measure stating that to the extent it requests the DOH to duplicate or extend existing processes and procedures, the measure is a waste of resources.

Your Committee has been informed that the DOH has concluded and adopted a general policy that "clubhouse"-based treatment, which utilizes a facility for limited onsite treatment services and social interaction, and emphasizes offsite individual and group activities, is a preferable and more effective approach for reintegrating those persons with mental illnesses into the community.

Testimony indicated that the "clubhouse" model, if appropriately implemented in a similar manner to that of the original model, Fountain House in New York, may be a suitable treatment model for some consumers. However, the "clubhouse" model should be a part of a spectrum of services and treatment available for consumers of mental health services, and not the only available option for treatment and services.

The Life Skills Program at the Diamond Head Community Mental Health Center is one part of this spectrum of services and treatment which enables persons with mental illnesses to be reintegrated into the community and live fulfilling lives.

Testimony also indicated that the Life Skills Program has been remarkably successful. Members work side-by-side with staff to run the program's work units. On their own, Life Skills members have incorporated themselves into a small income-producing nonprofit corporation. This group has become a unique and valuable community asset embodying the value of disabled individuals helping themselves.

Your Committee finds that, despite the success of the Life Skills Program and current budget constraints, the DOH, in an effort to improve the outcomes of psycho-social rehabilitation, has adopted the "clubhouse" model. Although this decision was well-intentioned, it was not reached with adequate input from the affected community. Those receiving services and their families were not consulted. While the DOH was studying the "clubhouse" model, which may be appropriate for some when properly implemented, the DOH overlooked its own success at Life Skills.

In its testimony, the DOH stated that the Diamond Head Community Mental Health Center regularly obtains input from consumers served through a variety of formal and informal processes. However, notwithstanding the DOH's comments, your Committee notes that the measure specifically requests that the DOH seek input regarding alternatives for providing clinically appropriate mental health intervention services to the East Honolulu residents "who have been relying on the Life Skills Program" at the Diamond Head Community Mental Health Center, and not merely obtaining input from "consumers served through a variety of formal and informal processes".

Your Committee believes that input from those directly affected by policy decisions made by the DOH is important and essential in making sound decisions.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 274 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1344 Human Resources on S.C.R. No. 151

The purpose of this concurrent resolution is to request the Commission on the Status of Women to provide the legislature with information on sexual harassment in state agencies and the State Civil Rights Commission with information on the handling of sexual harassment complaints by state agencies.

Your Committee received testimony in support of this measure from the Hawaii Civil Rights Commission, Sex Abuse Treatment Center, and the Hawaii State Commission on the Status of Women.

Your Committee believes that this concurrent resolution is necessary to obtain information on sexual harassment within state government agencies, including statistics, program proposals, and procedural and enforcement aspects.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 151 and recommends that it be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 1345 (Joint) Human Resources and Health and Environment on S.C.R. No. 156

The purpose of this concurrent resolution is to request the Departments of Health (DOH) and Human Services (DHS) to develop a joint brochure to inform consumers and providers about access to mental health and substance abuse services under the QUEST program, including those available on the Island of Hawaii.

Your Committees received testimony in support of this concurrent resolution from the State Planning Council on Developmental Disabilities (Council), Mental Health Association of Hawaii, and one private individual with mental illness and physical disabilities. The DOH deferred to the DHS on testimony. The DHS submitted testimony in opposition on the grounds that QUEST already is required to provide pertinent information and does so by a handbook.

Your Committees have amended this concurrent resolution on recommendation of the Council to include all statewide services provided by QUEST.

As affirmed by the records of votes of the members of your Committees on Human Resources and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.C.R. No. 156, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 156, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 6. Noes, none. Excused, 4 (Fukunaga, Solomon, Anderson, Slom).

SCRep. 1346 Human Resources on S.C.R. No. 203

The purpose of this concurrent resolution is to request the Director of Transportation to examine the problem of the homeless seeking shelter at the Honolulu International Airport and its impact on the State.

Your Committee received testimony in support of this measure from the Department of Transportation and the Airlines Committee of Hawaii.

Your Committee finds that the study called for by this measure will help to address the serious homeless situation at Honolulu International Airport, which has had an adverse effect on the airport, the morale of airport employees, and visitors to our State.

Your Committee notes that the Department of Transportation indicated in its testimony that this study will complement current departmental efforts to resolve the homeless problem at the airport.

Your Committee has amended this measure by requesting the Department of Transportation to examine this issue in consultation with the Hawaii Housing Authority, and by providing a certified copy of this measure to the Executive Director of the Hawaii Housing Authority.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 203, as amended herein, and recommends that it be referred to the Committee on Transportation and Intergovernmental Affairs, in the form attached hereto as S.C.R. No. 203, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 1347 Human Resources on S.C.R. No. 215

The purpose of this concurrent resolution is to request that the Legislative Reference Bureau study the appropriateness of the current membership representation on the Employees' Retirement System's Board of Trustees.

The measure also requests that the Legislative Reference Bureau study the appropriateness of adding representatives of police officers and firefighters to the Employees' Retirement System's Board of Trustees.

Your Committee received testimony in support of the measure from the State of Hawaii Organization of Police Officers. The Employees' Retirement System also submitted comments.

Your Committee finds that the Employees' Retirement System was established to provide and manage retirement benefits for state and county employees and the administrative body that oversees the Employees' Retirement System is its Board of Trustees. The Employees' Retirement System's Board of Trustees is comprised of members that represent the State and counties, public employees, retirants, and the general citizenry.

Your Committee also finds that the decisions of the Employees' Retirement System's Board of Trustees directly affect the retirement benefits of all classes of public employees and certain public employees such as police officers and firefighters, comprise a separate class of public employee whose needs and concerns are not specifically represented on the Board of Trustees. Because of their special status, legislation has been considered in prior years to extend membership on the Employees' Retirement System's Board of Trustees to representatives of police officers and firefighters. To this point, no enabling legislation has been enacted. Your Committee believes that in order to definitively ascertain the appropriateness of Employees' Retirement System trustee representation, a study of the issue is the logical first step.

Your Committee has amended the measure by adding a clause that requests the Legislative Reference Bureau to also study the appropriateness of the balance of member and nonmember representation on the Employees' Retirement System's Board of Trustees.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 215, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 215, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Sakamoto, Anderson).

SCRep. 1348 (Joint) Human Resources and Health and Environment on S.C.R. No. 250

The purpose of this concurrent resolution is to create a task force to explore the need for a cabinet-level department to serve as the focal point for aging issues in Hawaii.

Your Committees received testimony in support of this measure from the Executive Office on Aging, American Association of Retired Persons, Project Dana, Policy Advisory Board on Elders Affairs, and four private citizens.

Attorney General Opinion No. 96-01 stated that state executive branch agencies must be placed within the principal departments of the executive branch of state government, unless they are both temporary and for special purposes. Currently, the Executive Office on Aging is within the Office of the Governor and must be transferred to a principal department to satisfy the constitutional requirements of state government organization. This opinion comes at a time coincident to the emergence of significant and complicated issues on aging. This concurrent resolution creates a multi-representation task force of the public and private sectors to recommend whether a cabinet-level department should be created on aging.

As affirmed by the records of votes of the members of your Committees on Human Resources and Health and Environment that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 250 and recommend that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 7. Noes, none. Excused, 3 (Fukunaga, Tam, Anderson).

SCRep. 1349 Human Resources on S.C.R. No. 251

The purpose of this concurrent resolution is to urge Hawaii's Congressional Delegation to support efforts to provide assistance to legal, non-citizen immigrants in the Federal Supplemental Security Income Program.

Your Committee received testimony in support of this measure from the Department of Human Services (DHS), the Strength Coalition, and a private citizen.

The new national welfare reform law (the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193), bars legal, non-citizen immigrants from receiving assistance under the Federal Supplemental Security Income program and food stamps. Your Committee finds that a consequence of this legislation is that Hawaii, with its high proportion of immigrants, will have to pay more of its own funds for benefits to eligible immigrants or cut benefits out entirely. This legislation also cuts out federal benefits for other need-based programs to immigrants.

Your Committee has amended this measure on the recommendation of the DHS to add that other need-based benefits be restored, including food stamps, medical assistance, and Temporary Assistance to Needy Families.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 251, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 251, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 1350 Human Resources on S.C.R. No. 253

The purpose of this concurrent resolution is to request that the Department of Labor and Industrial Relations and the Department of Taxation convene a task force to clarify what constitutes an "independent contractor" under the State's labor laws.

Your Committee received testimony in support of the measure from the Democratic Party of Hawaii, Small Business Hawaii, and the Hawaii Business League.

The measure requests that the task force:

- (1) Determine whether regulatory procedures for independent contractors can be streamlined;
- (2) Identify reforms to achieve consistency and predictability in regulatory decisions on independent contractors;
- (3) Identify specific safeguards that are necessary to avoid abuse of the independent contractor status; and
- (4) Clarify applicable standards and criteria related to independent contractors.

Your Committee finds that Title 21, Hawaii Revised Statutes, includes state laws related to employment security, temporary disability insurance, workers' compensation, prepaid health care, supplying various definitions of "employee", "employer", and "employment". The application of these definitions has been clarified through decisions rendered by the Department of Labor and Industrial Relations and the Hawaii Supreme Court based on contested claims.

Your Committee also finds that the Department of Taxation and the Internal Revenue Service also have definitions which vary from those used by the Department of Labor and Industrial Relations. Because of the varying definitions used by the various agencies, questions have arisen regarding the consistency of the application of those standards used by the Department of Labor and Industrial Relations, the Department of Taxation, and the Internal Revenue Service.

Your Committee believes that convening such a task force will provide the necessary forum for recommendations that will facilitate a better understanding of the independent contractor status.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 253 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 1351 Human Resources on S.C.R. No. 268

The purpose of this concurrent resolution is to request a study of the retirement benefits for conservation resource enforcement officers, deputy sheriffs, liquor commission investigators, and marine patrol officers to determine if they should have comparable retirement benefits to police officers, firefighters, and other similar law enforcement personnel.

Your Committee received testimony in support of this measure from the Hawaii Government Employees Association, Department of Land and Natural Resources (DLNR), and a private citizen.

Your Committee has amended this measure by:

- (1) Deleting "marine patrol officers" in the title and body of the concurrent resolution since they have already been transferred to the DLNR and are included in "conservation resource enforcement officers";
- (2) Adding that the study examine each affected job category separately; and
- (3) Adding that the study examine the transition process of the affected job categories to determine whether they should be contributory or noncontributory Class A members.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 268, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 268, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 1352 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 233

The purpose of this concurrent resolution is to request the Legislative Reference Bureau (LRB) to conduct a study of the impact of provider reimbursement assignment practices of health insurers, health/dental plans, and health maintenance organizations on dental costs and competition among dental providers.

Your Committee received testimony in support of this concurrent resolution from the Hawaii Medical Services Association and the Boat Owners Association of the State of Hawaii. The Hawaii Dental Association submitted extensive comments and amendments.

Your Committee finds that a potential crisis exists in the dental profession regarding fair reimbursement from insurers to nonparticipating providers, which in turn could have a significant impact on the dental patient in deciding which dentist to receive care from. Your Committee further finds that a formal study of this issue is warranted in the interests of protecting the public health and welfare.

Your Committee notes that this is a highly complex issue that will require expertise in the health field of the LRB researcher assigned to the study.

Your Committee has amended this concurrent resolution throughout to expand the list of providers to add mutual benefit societies, dentist sponsored plans, individual physicians associations (IPAs), government, and employer plans. In addition, your Committee has included some new language requested by the industry, and expanded the scope of the study with three additional assessment activities. Your Committee has also added the Hawaii Dental Service, the Director of Human Services Quest Dental Division, the Chamber of Commerce Hawaii, and Small Business Hawaii to those organizations receiving a copy of this concurrent resolution.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 233, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 233, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 1353 Commerce, Consumer Protection, and Information Technology on S.R. No. 118

The purpose of this resolution is to request the Legislative Reference Bureau (LRB) to conduct a study of the impact of provider reimbursement assignment practices of health insurers, health/dental plans, and health maintenance organizations on dental costs and competition among dental providers.

Your Committee received testimony in support of this resolution from the Hawaii Medical Services Association and the Boat Owners Association of the State of Hawaii. The Hawaii Dental Association submitted extensive comments and amendments.

Your Committee finds that a potential crisis exists in the dental profession regarding fair reimbursement from insurers to nonparticipating providers, which in turn could have a significant impact on the dental patient in deciding which dentist to receive care from. Your Committee further finds that a formal study of this issue is warranted in the interests of protecting the public health and welfare.

Your Committee notes that this is a highly complex issue that will require expertise in the health field of the LRB researcher assigned to the study.

Your Committee has amended this resolution throughout to expand the list of providers to add mutual benefit societies, dentist sponsored plans, individual physicians associations (IPAs), government, and employer plans. In addition, your Committee has included some new language requested by the industry, and expanded the scope of the study with three additional assessment activities. Your Committee has also added the Hawaii Dental Service, the Director of Human Services Quest Dental Division, the Chamber of Commerce Hawaii, and Small Business Hawaii to those organizations receiving a copy of this resolution.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 118, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 118, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 1354 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 275

The purpose of this concurrent resolution is to request Olelo to provide a comprehensive review on optimizing its public, education, and government (PEG) television access.

Your Committee received testimony in support of this measure from the Department of Education and Olelo: The Corporation for Community Television. The Community Television Producers Association and one individual offered comments on this measure.

Your Committee finds that Olelo receives approximately three million dollars per year for its operating budget from a franchising fee that is levied on cable operators for funding PEG access. Since it was established in 1989, Olelo has grown to five channels that provide hundreds of hours of programming in a diverse range of subjects.

Your Committee strongly supports community television and the services it provides. Your Committee also believes that a comprehensive review of Olelo's current status and future plans would assist in providing the most appropriate level and type of PEG access for the State, in addition to identifying the most appropriate allocation of funds.

Your Committee heard concerns that an independent review of Olelo might be more appropriate. While an independent review would be ideal, your Committee is cognizant of the fiscal constraints facing our state budget and hopes that the Committee on Ways and Means can find funding for an independent review. Funding constraints notwithstanding, your Committee finds that Olelo is willing to conduct this review utilizing its own resources and is committed to the highest standards of integrity in assessing its operations.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 275 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1355 Commerce, Consumer Protection, and Information Technology on S.R. No. 139

The purpose of this resolution is to request Olelo to provide a comprehensive review on optimizing its public, education, and government (PEG) television access.

Your Committee received testimony in support of this measure from the Department of Education and Olelo: The Corporation for Community Television. The Community Television Producers Association and one individual offered comments on this measure.

Your Committee finds that Olelo receives approximately three million dollars per year for its operating budget from a franchising fee that is levied on cable operators for funding PEG access. Since it was established in 1989, Olelo has grown to five channels that provide hundreds of hours of programming in a diverse range of subjects.

Your Committee strongly supports community television and the services it provides. Your Committee also believes that a comprehensive review of Olelo's current status and future plans would assist in providing the most appropriate level and type of PEG access for the State, in addition to identifying the most appropriate allocation of funds.

Your Committee heard concerns that an independent review of Olelo might be more appropriate. While an independent review would be ideal, your Committee is cognizant of the fiscal constraints facing our state budget and hopes that the Committee on Ways and Means can find funding for an independent review. Funding constraints notwithstanding, your Committee finds that Olelo is willing to conduct this review utilizing its own resources and is committed to the highest standards of integrity in assessing its operations.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 139 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1356 (Joint) Education and Transportation and Intergovernmental Affairs on S.C.R. No. 12

The purpose of this concurrent resolution is to urge the State and the County of Hawaii to protect and preserve all Hawaiian historic, cultural, and spiritual resources in the corridor and areas adjacent to the proposed alignment of Alii Highway, including the use of mauka and makai access roads.

Your Committees received testimony supporting this measure from the Board of Land and Natural Resources; the County of Hawaii, Department of Public Works; the Oahu Council, Association of Hawaiian Civic Clubs; the Kona Hawaiian Civic Club; and the Office of Hawaiian Affairs. Kamehameha Schools Bernice Pauahi Bishop Estate provided testimony supporting this measure with amendments.

Your Committees find that in 1987, a Memorandum of Agreement was signed by the State Historic Preservation Officer, the Office of Hawaiian Affairs, the County of Hawaii, the State Department of Transportation, the Federal Highways Administration, and the President's Advisory Council on Historic Preservation. This Agreement provided for the protection of historic properties within the proposed corridor of Alii Drive.

Your Committees also find that an archaeological survey of the corridor and an oral history study were completed pursuant to the Agreement but the survey and study reports are still being prepared. Once the reports are completed the proposed highway route can be finalized.

Your Committees recognize the historical significance of Keakealaniwahine's residential complex dating back to the 1600's and desires that this historic property be preserved.

Your Committees amended this concurrent resolution by deleting the word "all" from the paragraph urging the preservation of Hawaiian historic resources in the corridor and areas adjacent to the proposed alignment of Alii Highway, and by making technical, nonsubstantive amendments.

As affirmed by the records of votes of the members of your Committees on Education and Transportation and Intergovernmental Affairs that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 12, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 12, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1357 (Joint) Education and Economic Development on S.C.R. No. 207

The purpose of this concurrent resolution is to request the University of Hawaii to establish a two-year health and wellness center pilot project within the Department of Family Practice and Community Health (DFPCH) in the John S. Burns School of Medicine.

Specifically, the DFPCH is requested to establish and operate a:

- (1) Facility in which practitioners of alternative medicine are able to offer their services for a fee to members of the public;
- (2) Working model clinic and teaching facility that:
 - (A) Integrates complementary healing resources;
 - (B) Integrates state-of-the-art technology where appropriate, cost-effective, and personalized care;
 - (C) Respects each person's "ecology of healing", family and cultural values, work, religion, and environment; and

- (D) Can be replicated in other places and cultures, making use of each area's own healing resources.
- (3) Clinic that provides opportunities for practitioners of different disciplines to observe and learn from each other; and
- (4) Clinic that invites a core faculty of practitioners who are recognized masters or leaders in their areas who shall:
 - (A) Design a team approach of patient intake;
 - (B) Make treatment recommendations with follow-up patient training;
 - (C) Evaluate the effectiveness of the pilot project; and
 - (D) Determine if the approach leads to health care cost containment.

Your Committees received testimony supporting this measure from the Democratic Party of Hawaii. The University of Hawaii supported the intent of the measure with funding reservations.

Your Committees find that the people of Hawaii hold strong beliefs and practice alternative health care. The medical and scientific community are at the beginning stages of understanding the effects of alternative health care which appear to provide preventive care and health intervention in a holistic manner.

Your Committees further find that federal grants may become available for these kinds of initiatives.

Your Committees amended this concurrent resolution by:

- (1) Deleting the request for a two-year health and wellness center pilot project and instead requesting that the University of Hawaii perform a feasibility study towards the establishment of a health and wellness center within the DFPCH;
- (2) Deleting the request that the DFPCH establish and operate specified facilities and instead requesting that the DFPCH facilitate a concept model through collaborative efforts of other University programs, state agencies, health organizations, and the private sector. The concept model shall incorporate the specified facilities; and
- (3) Amending the title to read:

"REQUESTING THAT THE UNIVERSITY OF HAWAII PERFORM A FEASIBILITY STUDY TOWARDS ESTABLISHING A HEALTH AND WELLNESS CENTER WITHIN THE DEPARTMENT OF FAMILY PRACTICE AND COMMUNITY HEALTH IN THE JOHN A. BURNS SCHOOL OF MEDICINE."

As affirmed by the records of votes of the members of your Committees on Education and Economic Development that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 207, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 207, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 6 (Fernandes Salling, Ige, D., Kawamoto, Matsunaga, Metcalf, Solomon).

SCRep. 1358 (Joint) Education and Economic Development on S.R. No. 101

The purpose of this resolution is to request the University of Hawaii to establish a two-year health and wellness center pilot project within the Department of Family Practice and Community Health (DFPCH) in the John S. Burns School of Medicine.

Specifically, the DFPCH is requested to establish and operate a:

- (1) Facility in which practitioners of alternative medicine are able to offer their services for a fee to members of the public;
- (2) Working model clinic and teaching facility that:
 - (A) Integrates complementary healing resources;
 - (B) Integrates state-of-the-art technology where appropriate, cost-effective, and personalized care;
 - (C) Respects each person's "ecology of healing", family and cultural values, work, religion, and environment; and
 - (D) Can be replicated in other places and cultures, making use of each area's own healing resources.
- (3) Clinic that provides opportunities for practitioners of different disciplines to observe and learn from each other; and
- (4) Clinic that invites a core faculty of practitioners who are recognized masters or leaders in their areas who shall:
 - (A) Design a team approach of patient intake;
 - (B) Make treatment recommendations with follow-up patient training;
 - (C) Evaluate the effectiveness of the pilot project; and
 - (D) Determine if the approach leads to health care cost containment.

Your Committees received testimony supporting this measure from the Democratic Party of Hawaii. The University of Hawaii supported the intent of the measure with funding reservations.

Your Committees find that the people of Hawaii hold strong beliefs and practice alternative health care. The medical and scientific community are at the beginning stages of understanding the effects of alternative health care which appear to provide preventive care and health intervention in a holistic manner.

Your Committees further find that federal grants may become available for these kinds of initiatives.

Your Committees amended this resolution by:

- (1) Deleting the request for a two-year health and wellness center pilot project and instead requesting that the University of Hawaii perform a feasibility study towards the establishment of a health and wellness center within the DFPCH;
- (2) Deleting the request that the DFPCH establish and operate specified facilities and instead requesting that the DFPCH facilitate a concept model through collaborative efforts of other University programs, state agencies, health organizations, and the private sector. The concept model shall incorporate the specified facilities; and
- (3) Amending the title to read:

"REQUESTING THAT THE UNIVERSITY OF HAWAII PERFORM A FEASIBILITY STUDY TOWARDS ESTABLISHING A HEALTH AND WELLNESS CENTER WITHIN THE DEPARTMENT OF FAMILY PRACTICE AND COMMUNITY HEALTH IN THE JOHN A. BURNS SCHOOL OF MEDICINE."

As affirmed by the records of votes of the members of your Committees on Education and Economic Development that are attached to this report, your Committees concur with the intent and purpose of S.R. No. 101, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 101, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 6 (Fernandes Salling, Ige, D., Kawamoto, Levin, Metcalf, Solomon).

SCRep. 1359 (Joint) Education and Human Resources on S.C.R. No. 266

The purpose of this concurrent resolution is to request that the Auditor conduct an audit of the salaries and positions of the executive/managerial employees, in particular, the senior vice presidents and vice presidents, of the University of Hawaii at Manoa.

Additionally, the measure requests that the Auditor determine whether the University of Hawaii system is "top heavy" in the senior administrative ranks formed by the senior vice presidents and vice presidents, and whether the salaries paid to senior administrators are excessive.

Your Committees received testimony on the measure from the University of Hawaii.

Your Committees find that the University of Hawaii at Manoa is recognized as one of the leading research universities in the nation, with many recognized areas of academic excellence, and is furthermore one of only eighty-eight United States institutions classified as a Research I university by the Carnegie Foundation.

Your Committees also find that executive/managerial employees at the University of Hawaii at Manoa are among the highest paid workers in state government, earning nearly as much as if not more than the Governor.

A recent state audit revealed the University of Hawaii at Manoa has not sufficiently reviewed, monitored, and assessed the use of non-instructional personnel, or justified the allocation of its non-instructional personnel, which includes executive/managerial positions such as senior vice presidents and vice presidents. It is your Committees' understanding that the University of Hawaii at Manoa is coping with its reduced budgets not by trimming excesses at top executive levels but by cancelling classes across the board among different academic programs at both the graduate and undergraduate levels, which in turn creates difficulties for students by preventing them from registering for required courses and thereby delaying their graduation.

Your Committees believe that an independent audit is necessary to point out the existence of any unreasonably high salaries or unnecessary positions among the University's executive/managerial employees.

As affirmed by the records of votes of the members of your Committees on Education and Human Resources that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 266 and recommend that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 6 (Fernandes Salling, Fukunaga, Ige, D., Levin, Metcalf, Anderson).

SCRep. 1360 (Joint) Education and Health and Environment on S.C.R. No. 272

The purpose of this concurrent resolution is to request that the Chair of the University of Hawaii Board of Regents, President of the University, Chairs of the Senate Committee on Health and the Environment and House Committee on Health, Chairs of the Senate Committee on Education and House Committee on Higher Education, officials from the School of Public Health (SOPH), and other interested parties meet:

- (1) To discuss the options available to ensure the viability of the School of Public Health;
- (2) To develop a short-term plan to provide resources and staffing to allow SOPH to remain an accredited institution; and

- (3) And establish a plan by July 1, 1997.

Your Committees received testimony supporting this measure from the Hawaii State Primary Care Association, the Society for Public Health Education - Hawaii, the Alaska Native Health Board, the Hawaii Center for Integral Healing, the Hawaii Public Health Association, the Hawaii Coalition For Health, the UH School of Public Health Alumni Association, the Columbia School of Public Health, the University of British Columbia, Ke Ola O Hawaii, Inc., the Executive Office on Aging, the Department of Health, five faculty members, two students, and seven citizens. The University of Hawaii submitted testimony opposing this measure.

Your Committees find that Hawaii has a social, cultural, environmental, and geographical context that is unique in the United States. It is critical for health professionals who deal with Hawaii's people to have been trained in this unique context.

Your Committees also find that the School of Public Health is an important and instrumental institution providing public health training, research, and service for Hawaii, other states, and the Asia-Pacific Region.

Your Committees further find that since May 1996, SOPH has brought \$2.3 million in extramural funds to the University of Hawaii, and nearly \$1 million earmarked for specific research projects.

Your Committees amended this concurrent resolution by:

- (1) Deleting Senate and House Chairs and other interested parties from the group meeting;
- (2) Changing the purpose from a meeting to discuss options to a request for the development of a short-term plan;
- (3) Clarifying that a plan be adopted prior to the start of the 1997-1998 fall semester; and
- (4) Requesting SOPH to seek additional extramural funding to increase its operating budget.

As affirmed by the records of votes of the members of your Committees on Education and Health and Environment that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 272, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 272, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 2 (Fernandes Salling, Ige, M.).

SCRep. 1361 Education on S.C.R. No. 39

The purpose of this concurrent resolution is to request that the Superintendent of Education develop and maintain a six-year plan (plan) for funding public education which shall:

- (1) Establish the statewide student-to-teacher ratio in grades kindergarten to twelve at twenty-to-one;
- (2) Be updated and submitted to the Legislature in every odd-numbered year beginning with the 1999-2001 fiscal biennium; and
- (3) Follow part IV of chapter 37, Hawaii Revised Statutes, to facilitate comparisons with the six-year state program and financial plan prepared by the Governor.

Your Committee received testimony supporting this measure from the Hawaii Congress of Parents, Teachers, and Students and the Friends of Waipahu Cultural Garden Park. Testimony opposing this measure was received from the Department of Education.

Your Committee finds that studies have shown a positive relationship between smaller class size and student performance. Today, teachers encounter students with problems or special needs that require more attention.

Your Committee appreciates the Department of Education's current budget concerns but recognizes the Department's desire to achieve its education goals.

Your Committee amended this concurrent resolution by amending the title and body to request that the Board of Education collaborate with other educational organizations to develop and maintain a six-year plan for funding to achieve the Hawaii Goals for Education.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 39, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 39, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1362 Education on S.R. No. 11

The purpose of this resolution is to request that the Superintendent of Education develop and maintain a six-year plan (plan) for funding public education which shall:

- (1) Establish the statewide student-to-teacher ratio in grades kindergarten to twelve at twenty-to-one;
- (2) Be updated and submitted to the Legislature in every odd-numbered year beginning with the 1999-2001 fiscal biennium; and

- (3) Follow part IV of chapter 37, Hawaii Revised Statutes, to facilitate comparisons with the six-year state program and financial plan prepared by the Governor.

Your Committee received testimony supporting this measure from the Hawaii Congress of Parents, Teachers, and Students and the Friends of Waipahu Cultural Garden Park. Testimony opposing this measure was received from the Department of Education.

Your Committee finds that studies have shown a positive relationship between smaller class size and student performance. Today, teachers encounter students with problems or special needs that require more attention.

Your Committee appreciates the Department of Education's current budget concerns but recognizes the Department's desire to achieve its education goals.

Your Committee amended this resolution by amending the title and body to request that the Board of Education collaborate with other educational organizations to develop and maintain a six-year plan for funding to achieve the Hawaii Goals for Education.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 11, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 11, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1363 Education on S.C.R. No. 79

The purpose of this concurrent resolution is to urge the Department of Education to reestablish at least one full-time education specialist position at the department level and at least one resource teacher in each of the seven departmental school districts.

The measure also requests that the Department of Education inform the Chairpersons of the House and Senate Education Committees of the actions taken regarding this measure.

Your Committee received testimony in support of the measure from the Office of Hawaiian Affairs and a private citizen. The Department of Education submitted comments on the measure.

Your Committee finds that the Department of Education has developed and implemented an effective Hawaiian Studies Program since the adoption of article X, section 4, of the State Constitution in 1978. Since that time, the Legislature has allocated moneys for the implementation of the Hawaiian Studies Program in the public schools of the State of Hawaii.

Since 1978, the program has been fully staffed up to school year 1992-1993, when there were three positions at the department level and fourteen positions among the seven districts. Additionally, there were three temporary full-time positions assigned to the districts.

The Department of Education has received many plaudits for the Hawaiian Studies Program through the community, especially in the utilization of community cultural experts (kupuna). The program has also been instrumental in fostering the renaissance of the Hawaiian culture not only in the State of Hawaii but in other parts of the world.

Since the 1992-1993 school year, all of the abovementioned positions have been eliminated, thereby leaving the program without leadership during a period when it is important to the people of Hawaii that the Hawaiian Studies Program continue to provide its input to the education of our students.

Although the Department of Education made a commitment to the Legislature that it would provide the necessary permanent positions, the Department of Education has assigned responsibility for this program to three individuals who already have their full programs to operate, the Chief of the General Education Branch, the Chief of the Social Studies and Art Section, and the Chief of the Hawaiian Immersion Program.

Consequently, individual schools and their respective districts are having difficulty in continuing the Hawaiian Studies Program at the level which it had attained and many of the principals and teachers are placing additional responsibilities on the community cultural expertise (kupuna) who are only part-time employees.

Your Committee believes that the Hawaiian Studies Program is of significant importance and that appropriate educational attention be afforded to its perpetuation.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 79 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1364 Education on S.R. No. 18

The purpose of this resolution is to urge the Department of Education to reestablish at least one full-time education specialist position at the department level and at least one resource teacher in each of the seven departmental school districts.

The measure also requests that the Department of Education inform the Chairpersons of the House and Senate Education Committees of the actions taken regarding this measure.

Your Committee received testimony in support of the measure from the Office of Hawaiian Affairs and a private citizen. The Department of Education submitted comments on the measure.

Your Committee finds that the Department of Education has developed and implemented an effective Hawaiian Studies Program since the adoption of article X, section 4, of the State Constitution in 1978. Since that time, the Legislature has allocated moneys for the implementation of the Hawaiian Studies Program in the public schools of the State of Hawaii.

Since 1978, the program has been fully staffed up to school year 1992-1993, when there were three positions at the department level and fourteen positions among the seven districts. Additionally, there were three temporary full-time positions assigned to the districts.

The Department of Education has received many plaudits for the Hawaiian Studies Program through the community, especially in the utilization of community cultural experts (kupuna). The program has also been instrumental in fostering the renaissance of the Hawaiian culture not only in the State of Hawaii but in other parts of the world.

Since the 1992-1993 school year, all of the abovementioned positions have been eliminated, thereby leaving the program without leadership during a period when it is important to the people of Hawaii that the Hawaiian Studies Program continue to provide its input to the education of our students.

Although the Department of Education made a commitment to the Legislature that it would provide the necessary permanent positions, the Department of Education has assigned responsibility for this program to three individuals who already have their full programs to operate, the Chief of the General Education Branch, the Chief of the Social Studies and Art Section, and the Chief of the Hawaiian Immersion Program.

Consequently, individual schools and their respective districts are having difficulty in continuing the Hawaiian Studies Program at the level which it had attained and many of the principals and teachers are placing additional responsibilities on the community cultural expertise (kupuna) who are only part-time employees.

Your Committee believes that the Hawaiian Studies Program is of significant importance and that appropriate educational attention be afforded to its perpetuation.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 18 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1365 Education on S.C.R. No. 117

The purpose of this concurrent resolution is to request the Department of Education to consider providing in-service training, with compensation, for school-level certificated personnel during vacation and non-academic student hours.

Your Committee received testimony in support of this measure from the Department of Education and the Hawaii Congress of Parents, Teachers, and Students.

Your Committee supports this measure as an effective means of promoting in-service training and instruction in the classroom, thereby minimizing disruptions currently caused when teachers attend training away from the classroom during the regular school day.

Your Committee has amended this measure by:

- (1) Providing that the Department of Education will consider this matter in conjunction with relevant labor organizations; and
- (2) Requiring the Department to report to the Legislature prior to the 1998 Regular Session.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 117, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 117, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1366 Education on S.R. No. 50

The purpose of this resolution is to request the Department of Education to consider providing in-service training, with compensation, for school-level certificated personnel during vacation and non-academic student hours.

Your Committee received testimony in support of this measure from the Department of Education and the Hawaii Congress of Parents, Teachers, and Students.

Your Committee supports this measure as an effective means of promoting in-service training and instruction in the classroom, thereby minimizing disruptions currently caused when teachers attend training away from the classroom during the regular school day.

Your Committee has amended this measure by:

- (1) Providing that the Department of Education will consider this matter in conjunction with relevant labor organizations; and

- (2) Requiring the Department to report to the Legislature prior to the 1998 Regular Session.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 50, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 50, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1367 Education on S.C.R. No. 118

The purpose of this concurrent resolution is to request that the Board of Education develop a plan, short-term or long-term, on its own or through a task force, to reduce the statewide student-teacher ratio to not more than twenty students to one teacher.

The measure also requests the Board of Education to:

- (1) Describe the specific means by which the student-teacher ratio will be reduced, and the order in which the plan will be implemented by grade level or subject matter area, or both, including an explanation of the rationale for the order of implementation; and
- (2) Not include any students or teachers in categorical programs in the computing of the student-teacher ratio because categorical programs are not part of a typical student's curriculum.

Your Committee received testimony in qualified support of the measure from the Department of Education.

Research shows that primary students in classes of nineteen or smaller achieve at significantly higher levels. When class sizes climb to twenty-three and above, achievement tends to decline. Analysis of an extensive study in Tennessee shows a significant correlation between smaller classes and student achievement.

The importance of smaller classes has long been evident to educators. There is some research that shows that the ideal class size for the first three grades is about seventeen; but for grades four to six, a class size of twenty-one or twenty-two is optimal.

For Hawaii's public school teachers, particularly secondary school teachers, it is not uncommon to have a total of one hundred-thirty or more students in the four or five classes they teach. Giving personal attention to that many students is virtually impossible. In a study of high schools, researchers found that a ten percent decrease in pupil-teacher ratio is associated with a 1.5 percentage point increase in graduation rates. Another study found that lower pupil-teacher ratios are significantly associated with lower student dropout rates.

Your Committee finds that public schools in this State presently have ratios higher than twenty students to one teacher, except in kindergarten to grade two. The statewide student-teacher ratio specified by collective bargaining is 26.15 students to one teacher, substantially above the optimal ratio.

Inasmuch as your Committee believes that all public schools in the State should attain the optimal student-teacher ratio, it is also cognizant of the fiscal impact on making that objective a reality, particularly in a time of severe fiscal shortages.

Understanding the situation that the Department of Education is in, your Committee has amended the measure by allowing the Department of Education to lower the student teacher ratio to one that is mutually acceptable to all affected parties, rather than to the specific twenty-to-one student teacher ratio.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 118 as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 118, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1368 Education on S.R. No. 51

The purpose of this resolution is to request that the Board of Education develop a plan, short-term or long-term, on its own or through a task force, to reduce the statewide student-teacher ratio to not more than twenty students to one teacher.

The measure also requests the Board of Education to:

- (1) Describe the specific means by which the student-teacher ratio will be reduced, and the order in which the plan will be implemented by grade level or subject matter area, or both, including an explanation of the rationale for the order of implementation; and
- (2) Not include any students or teachers in categorical programs in the computing of the student-teacher ratio because categorical programs are not part of a typical student's curriculum.

Your Committee received testimony in qualified support of the measure from the Department of Education.

Research shows that primary students in classes of nineteen or smaller achieve at significantly higher levels. When class sizes climb to twenty-three and above, achievement tends to decline. Analysis of an extensive study in Tennessee shows a significant correlation between smaller classes and student achievement.

The importance of smaller classes has long been evident to educators. There is some research that shows that the ideal class size for the first three grades is about seventeen; but for grades four to six, a class size of twenty-one or twenty-two is optimal.

For Hawaii's public school teachers, particularly secondary school teachers, it is not uncommon to have a total of one hundred-thirty or more students in the four or five classes they teach. Giving personal attention to that many students is virtually impossible. In a study of high schools, researchers found that a ten percent decrease in pupil-teacher ratio is associated with a 1.5 percentage point increase in graduation rates. Another study found that lower pupil-teacher ratios are significantly associated with lower student dropout rates.

Your Committee finds that public schools in this State presently have ratios higher than twenty students to one teacher, except in kindergarten to grade two. The statewide student-teacher ratio specified by collective bargaining is 26.15 students to one teacher, substantially above the optimal ratio.

Inasmuch as your Committee believes that all public schools in the State should attain the optimal student-teacher ratio, it is also cognizant of the fiscal impact on making that objective a reality, particularly in a time of severe fiscal shortages.

Understanding the situation that the Department of Education is in, your Committee has amended the measure by allowing the Department of Education to lower the student teacher ratio to one that is mutually acceptable to all affected parties, rather than to the specific twenty-to-one student teacher ratio.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 51 as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 51, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1369 Education on S.C.R. No. 119

The purpose of this concurrent resolution is to request the Department of Education to establish and maintain kindergartens with a program of instruction in all school zones, regardless of the number of children deemed eligible to attend, as part of the public school system.

Your Committee received testimony supporting this measure from the Hawaii Congress of Parents, Teachers, and Students. Testimony was received opposing this measure from the Department of Education.

Your Committee is aware of the importance of early education to the future achievement of students. However, your Committee amended this concurrent resolution by:

- (1) Deleting its contents and inserting provisions to request that the Department of Education define the expectations and the role of each grade level from kindergarten to twelfth grade in the educational process; and
- (2) Amending its title to read:

"REQUESTING THAT THE DEPARTMENT OF EDUCATION DEFINE EACH GRADE LEVEL'S ROLE IN THE EDUCATIONAL PROCESS."

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 119, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 119, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1370 Education on S.R. No. 52

The purpose of this resolution is to request the Department of Education to establish and maintain kindergartens with a program of instruction in all school zones, regardless of the number of children deemed eligible to attend, as part of the public school system.

Your Committee received testimony supporting this measure from the Hawaii Congress of Parents, Teachers, and Students. Testimony was received opposing this measure from the Department of Education.

Your Committee is aware of the importance of early education to the future achievement of students. However, your Committee amended this resolution by:

- (1) Deleting its contents and inserting provisions to request that the Department of Education define the expectations and the role of each grade level from kindergarten to twelfth grade in the educational process; and
- (2) Amending its title to read:

"REQUESTING THAT THE DEPARTMENT OF EDUCATION DEFINE EACH GRADE LEVEL'S ROLE IN THE EDUCATIONAL PROCESS."

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 52, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 52, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1371 Education on S.C. No. 122

The purpose of this concurrent resolution is to request that the Department of Education develop an innovative plan for ensuring the maintenance and repair of school computers. The measure also requests that the Department of Education report findings and recommendations to the Legislature no later than twenty days prior to the convening of the Regular Session of 1998.

Your Committee received testimony in support of the measure from the Department of Education.

Your Committee finds that computer literacy is essential in preparing students to compete in the global arena and working with state-of-the-art computers are vital to this preparation.

Your Committee also finds that many schools have computers that are broken and in disrepair. Given the State's austere fiscal situation, new and innovative means of ensuring that students are provided with the necessary equipment to help them succeed must be developed and implemented.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 122 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1372 Education on S.R. No. 55

The purpose of this resolution is to request that the Department of Education develop an innovative plan for ensuring the maintenance and repair of school computers. The measure also requests that the Department of Education report findings and recommendations to the Legislature no later than twenty days prior to the convening of the Regular Session of 1998.

Your Committee received testimony in support of the measure from the Department of Education.

Your Committee finds that computer literacy is essential in preparing students to compete in the global arena and working with state-of-the-art computers are vital to this preparation.

Your Committee also finds that many schools have computers that are broken and in disrepair. Given the State's austere fiscal situation, new and innovative means of ensuring that students are provided with the necessary equipment to help them succeed must be developed and implemented.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 55 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1373 Education on S.C.R. No. 123

The purpose of this concurrent resolution is to request that the Department of Education provide one lab assistant for every five hundred science students and one lab assistant for public intermediate and high schools with less than five hundred science students.

The Department of Education supported the intent of the concurrent resolution, but opposed the concurrent resolution on the basis that it lacked the resources to provide additional lab assistants. Your Committee received favorable testimony from the Hawaii Congress of Parents, Teachers, and Students.

Your Committee finds that an additional teacher would add to the safety and education of the students. The very nature of the chemicals and materials used makes it impossible for one teacher to monitor the students and at the same time keep current with cumbersome reporting requirements under OSHA and other statutes.

Your Committee further finds that, assignment of an additional lab assistant is consistent with national and state PTA resolutions, and with the Hawaii State Teachers Association's policy.

Your Committee amended the concurrent resolution by:

- (1) Deleting the request that the Department of Education provide specific ratios of lab assistants to students;
- (2) Requesting that the Board of Education review all rules, regulations, and procedures concerning the safety and health of students using chemicals and science equipment;
- (3) Requesting the Board of Education to report findings and recommendations to the legislature; and
- (4) Amending the title to read:

"REQUESTING THAT THE BOARD OF EDUCATION REVIEW RULES AND REGULATIONS CONCERNING THE HEALTH AND SAFETY OF STUDENTS USING CHEMICALS AND SCIENCE EQUIPMENT."

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 123, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 123, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1374 Education on S.R. No. 56

The purpose of this resolution is to request that the Department of Education provide one lab assistant for every five hundred science students and one lab assistant for public intermediate and high schools with less than five hundred science students.

The Department of Education supported the intent of the resolution, but opposed the resolution on the basis that it lacked the resources to provide additional lab assistants. Your Committee received favorable testimony from the Hawaii Congress of Parents, Teachers, and Students.

Your Committee finds that an additional teacher would add to the safety and education of the students. The very nature of the chemicals and materials used makes it impossible for one teacher to monitor the students and at the same time keep current with cumbersome reporting requirements under OSHA and other statutes.

Your Committee further finds that, assignment of an additional lab assistant is consistent with national and state PTA resolutions, and with the Hawaii State Teachers Association's policy.

Your Committee amended the resolution by:

- (1) Deleting the request that the Department of Education provide specific ratios of lab assistants to students;
- (2) Requesting that the Board of Education review all rules, regulations, and procedures concerning the safety and health of students using chemicals and science equipment;
- (3) Requesting the Board of Education to report findings and recommendations to the legislature; and
- (4) Amending the title to read:

"REQUESTING THAT THE BOARD OF EDUCATION REVIEW RULES AND REGULATIONS CONCERNING THE HEALTH AND SAFETY OF STUDENTS USING CHEMICALS AND SCIENCE EQUIPMENT."

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 56, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 56, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1375 Education on S.C.R. No. 138

The purpose of this concurrent resolution is to request that the Board and the Department of Education consider shifting foreign language education resources from the high school level to the elementary school level to be used as a part of the regular curriculum, or as an after-school activity.

Your Committee received favorable testimony from the Superintendent of Education.

Your Committee finds that this concurrent resolution is in accord with the Board of Education's position that foreign language instruction be a part of the regular curriculum starting in third grade with continuing study through twelfth grade.

Your Committee amended this concurrent resolution by:

- (1) Deleting all the requested actions;
- (2) Requesting that the Department of Education (DOE) establish a foreign language curriculum plan with the future goal of a foreign language curriculum in elementary school;
- (3) Requesting that the DOE report its plan and goals to the Legislature; and
- (4) Amending the title of this concurrent resolution to read:

"REQUESTING THAT THE DEPARTMENT OF EDUCATION ESTABLISH A FOREIGN LANGUAGE CURRICULUM PLAN WITH THE FUTURE GOAL OF INCLUDING FOREIGN LANGUAGE INTO ITS ELEMENTARY SCHOOL CURRICULUM."

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 138, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 138, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1376 Education on S.R. No. 67

The purpose of this resolution is to request that the Board and the Department of Education consider shifting foreign language education resources from the high school level to the elementary school level to be used as a part of the regular curriculum, or as an after-school activity.

Your Committee received favorable testimony from the Superintendent of Education.

Your Committee finds that this resolution is in accord with the Board of Education's position that foreign language instruction be a part of the regular curriculum starting in third grade with continuing study through twelfth grade.

Your Committee amended this resolution by:

- (1) Deleting all the requested actions;
- (2) Requesting that the Department of Education (DOE) establish a foreign language curriculum plan with the future goal of a foreign language curriculum in elementary school;
- (3) Requesting that the DOE report its plan and goals to the Legislature; and
- (4) Amending the title of this resolution to read:

"REQUESTING THAT THE DEPARTMENT OF EDUCATION ESTABLISH A FOREIGN LANGUAGE CURRICULUM PLAN WITH THE FUTURE GOAL OF INCLUDING FOREIGN LANGUAGE INTO ITS ELEMENTARY SCHOOL CURRICULUM."

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 67, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 67, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1377 Education on S.C.R. No. 147

The purpose of this concurrent resolution is to request that the Department of Education expedite the calculation of sick leave credit for retired teachers and the Hawaii State Employees' Retirement System is requested to pay the adjusted retirement compensation within ninety days of retirement.

Your Committee received testimony in opposition to the measure from the Department of Education. The Employees' Retirement System submitted comments on the measure.

Your Committee finds that many retirants who utilized the Early Retirement Incentive Program in 1994 and 1995 have still not been compensated for their sick leave credit. In certain cases, retirants must wait up to two years after retiring before being compensated for their sick leave credit.

Your Committee believes that such a wait is unnecessary and poses an undue hardship on retirants. However, your Committee is also aware of the plight of the Employees' Retirement System and the Department of Education caused by personnel and budget cutbacks.

Your Committee has amended the measure by removing the requirement that the calculations and payment of adjusted retirement compensation be done within ninety days and replaced it with a time period that is determined through coordinated efforts of the Department of Education and the appropriate labor unions,

Your Committee believes that the amended measure ameliorates the problem and presents a solution that would be acceptable to all parties involved.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 147, as amended herein, and recommends that it be referred to the Committee on Human Resources, in the form attached hereto as S.C.R. No. 147, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1378 Education on S.R. No. 74

The purpose of this resolution is to request that the Department of Education expedite the calculation of sick leave credit for retired teachers and the Hawaii State Employees' Retirement System is requested to pay the adjusted retirement compensation within ninety days of retirement.

Your Committee received testimony in opposition to the measure from the Department of Education. The Employees' Retirement System submitted comments on the measure.

Your Committee finds that many retirants who utilized the Early Retirement Incentive Program in 1994 and 1995 have still not been compensated for their sick leave credit. In certain cases, retirants must wait up to two years after retiring before being compensated for their sick leave credit.

Your Committee believes that such a wait is unnecessary and poses an undue hardship on retirants. However, your Committee is also aware of the plight of the Employees' Retirement System and the Department of Education caused by personnel and budget cutbacks.

Your Committee has amended the measure by removing the requirement that the calculations and payment of adjusted retirement compensation be done within ninety days and replaced it with a time period that is determined through coordinated efforts of the Department of Education and the appropriate labor unions,

Your Committee believes that the amended measure ameliorates the problem and presents a solution that would be acceptable to all parties involved.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 74, as amended herein, and recommends that it be referred to the Committee on Human Resources, in the form attached hereto as S.R. No. 74, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1379 Education on S.C.R. No. 160

The purposes of this concurrent resolution are to:

- (1) Request the Auditor to audit the University of Hawaii College of Business Administration's (College) current levels of instruction, management of resources, contacts with the business community, and means of preparing and aiding graduates in obtaining jobs; and
- (2) Recommend avenues for improvement and innovation in methods of instruction and job placement if findings indicate a need for increasing the standards at the College.

Your Committee received testimony supporting this measure from the University of Hawaii and an interested citizen.

Your Committee finds that the community perceives the College's academic standards to have lowered which has negatively impacted the success rate of its graduates in procuring gainful employment.

Your Committee further finds that a diminishing College image could ultimately lead to a decrease in private endowments and donations from alumni, local business, and community leaders.

Your Committee amended this concurrent resolution by:

- (1) Replacing the Auditor with the Legislative Reference Bureau (LRB);
- (2) Replacing the Auditor's original audit purpose with an evaluation by LRB of the goals and objectives of the College relating to the business community;
- (3) Requesting that the Chamber of Commerce of Hawaii and other business associations suggest improvements to make the College more effective in the business community;
- (4) Requesting the Dean of the College to provide to the Legislature the goals and objectives for the College; and
- (5) Amending the title of this concurrent resolution to read:

"REQUESTING AN EVALUATION OF THE UNIVERSITY OF HAWAII COLLEGE OF BUSINESS ADMINISTRATION'S GOALS AND OBJECTIVES RELATING TO THE BUSINESS COMMUNITY."

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 160, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 160, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 1380 Education on S.C.R. No. 162

The purpose of this concurrent resolution is to request the Board of Education (BOE) to establish a state library task force.

Your Committee find that there have been several recent problems with the state library system which have given rise to public concern about the operation of the libraries, including the outsourcing contract with Baker and Taylor. Other problems include improved servicing of the public and morale of librarians. Your Committee finds that the BOE should address these issues through the creation of a state library task force, which is composed of a wide spectrum of stakeholders and other interested and concerned individuals. The BOE is asked to report its findings and recommendations to the legislature before the 1997 session.

Your Committee has amended this concurrent resolution to add that the task force examine the overall efficiency and productivity at the individual libraries, with input from the librarians.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 162, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 162, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1381 Education on S.C.R. No. 171

The purpose of this concurrent resolution is to request that the Auditor conduct a management and financial audit of the Hawaii State Library system.

Your Committee received testimony in support of the measure from the Librarians Association of Hawaii, librarians, and a number of concerned citizens. The Department of Education testified in opposition to the measure.

Your Committee finds that there have been severe reductions in the State Library budget, with the book-buying budget reduced from \$3 million to \$500,000 over the past three years.

As a part of the library system's budget reduction, the State Librarian was faced with laying off one-hundred-twenty-four employees and closing twenty library branches. Instead, the State Librarian came up with an innovative plan to reassign library support personnel into direct customer contact positions in library branches and contract with a private source for the selection and acquisition of books and other library resources.

Your Committee also finds that the last audit of the library system evaluated personnel job sharing and was conducted in 1986, and it would be appropriate at this time to conduct a routine audit of the management of the Hawaii Library system to determine if fiscal appropriations to the library system are being used productively.

Your Committee has amended the measure by inserting language that requests the Auditor to conduct the audit on an individual library basis and to include input from librarians.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 171, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 171, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1382 Education on S.C.R. No. 173

The purpose of this concurrent resolution is to request the Auditor to review the Hawaii State Library's book contract with Baker and Taylor to confirm the nature and kinds of specific examples of poor book selections, problems with distribution practices, availability of discounts, supply of fiction, nonfiction, reference, Hawaiiana, and other types of books.

Your Committee finds that the State Librarian entered into a book buying contract with Baker and Taylor in an effort to protect existing librarian jobs.

Your Committee further finds that problems with Baker and Taylor's book selection and distribution practices, and concern about the flat charge of \$20.94 per book regardless of actual cost or available discounts have been revealed by local librarians.

Your Committee amended this concurrent resolution by requesting that the Auditor conduct the review of the Hawaii State Library's book contract in the State's best interest.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 173, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 173, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1383 Education on S.C.R. No. 180

The purpose of this concurrent resolution is to request the Department of Education to establish objectives for special needs schools to guide programming and budgeting decisions.

Your Committee received testimony in opposition to this measure from the Department of Education.

Your Committee finds that in order to provide the level of services required in special needs schools, ample resources are needed to improve, among other things, absenteeism rates, disciplinary referral rates, retention rates, test scores, and graduation rates. Resources, however, have become increasingly limited over the past several years.

This measure and the objectives developed as a result thereof, will help the DOE to more effectively and efficiently meet intended special needs program outcomes.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 180 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1384 Education on S.C.R. No. 182

The purpose of this concurrent resolution is to urge the Board of Education to adopt a policy that establishes an educational bill of rights for Hawaii's deaf, hard-of-hearing, and deaf-blind children.

Your Committee received testimony supporting this measure from the Department of Education, the Commission On Persons With Disabilities, the Hawaii State Coordinating Council On Deafness, the Hawaii Congress of Parents, Teachers, and Students, and two interested citizens. Testimony was received opposing this measure from an interested citizen.

Your Committee finds that it is essential that children who are deaf, hard-of-hearing, and deaf-blind are educated in a manner in which their unique communication mode is utilized and developed, and that their school environment is communication accessible.

Your Committee believes that involvement from the deaf, hard-of-hearing, and deaf-blind community would be beneficial because of their understanding of essential services for the deaf.

Your Committee amended this concurrent resolution by:

- (1) Deleting the suggestion in a Whereas paragraph that a list relating to deaf, hard-of-hearing, or deaf-blind children's rights be incorporated into an educational bill of rights and instead referring to the list as the educational bill of rights for deaf, hard-of-hearing, and deaf-blind children to be reviewed and considered when making decisions on deaf, hard-of-hearing, and deaf-blind children's education;
- (2) Urging the Board of Education to review its policy for working with Hawaii's deaf, hard-of-hearing, and deaf-blind community members and review and consider the deaf, hard-of-hearing, and deaf-blind children's educational bill of rights when making decisions on deaf, hard-of-hearing, and deaf-blind children's education; and
- (3) Amending the title of this concurrent resolution to read:

"URGING THE BOARD OF EDUCATION TO REVIEW ITS POLICY FOR WORKING WITH HAWAII'S DEAF, HARD-OF-HEARING, AND DEAF-BLIND COMMUNITY."

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 182, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 182, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1385 Education on S.R. No. 92

The purpose of this resolution is to urge the Board of Education to adopt a policy that establishes an educational bill of rights for Hawaii's deaf, hard-of-hearing, and deaf-blind children.

Your Committee received testimony supporting this measure from the Department of Education, the Commission On Persons With Disabilities, the Hawaii State Coordinating Council On Deafness, the Hawaii Congress of Parents, Teachers, and Students, and two interested citizens. Testimony was received opposing this measure from an interested citizen.

Your Committee finds that it is essential that children who are deaf, hard-of-hearing, and deaf-blind are educated in a manner in which their unique communication mode is utilized and developed, and that their school environment is communication accessible.

Your Committee believes that involvement from the deaf, hard-of-hearing, and deaf-blind community would be beneficial because of their understanding of essential services for the deaf.

Your Committee amended this resolution by:

- (1) Deleting the suggestion in a Whereas paragraph that a list relating to deaf, hard-of-hearing, or deaf-blind children's rights be incorporated into an educational bill of rights and instead referring to the list as the educational bill of rights for deaf, hard-of-hearing, and deaf-blind children to be reviewed and considered when making decisions on deaf, hard-of-hearing, and deaf-blind children's education;
- (2) Urging the Board of Education to review its policy for working with Hawaii's deaf, hard-of-hearing, and deaf-blind community members and review and consider the deaf, hard-of-hearing, and deaf-blind children's educational bill of rights when making decisions on deaf, hard-of-hearing, and deaf-blind children's education; and
- (3) Amending the title of this resolution to read:

"URGING THE BOARD OF EDUCATION TO REVIEW ITS POLICY FOR WORKING WITH HAWAII'S DEAF, HARD-OF-HEARING, AND DEAF-BLIND COMMUNITY."

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 92, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 92, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1386 Education on S.C.R. No. 184

The purpose of this concurrent resolution is to establish a commission on Hawaii in the twenty-first century.

The commission consists of eight members with the Speaker of the House of Representatives and the President of the Senate each appointing one member to represent government, one member to represent business, one member to represent labor, and one member from the academic community.

The commission's responsibility is to study the effects and changes produced by scientific and technological achievements and social changes with respect to the economic, political, cultural, and social systems and the environment of Hawaii and the world in order to assess the future of Hawaii. Specifically, the commission is to:

- (1) Examine the impact emerging electronic technologies will have on the future economy of the State and the possibilities for the creation of new jobs and industries;
- (2) Examine what changes must be made to our educational system, to our efforts at human resource development, and to our job training centers to take full advantage of the new job and industry possibilities resulting from emerging electronic technologies so that Hawaii's citizens can develop their full potential and live rich full lives;
- (3) Examine how emerging electronic technologies can be used to make government operations more efficient and responsive to the citizenry through the development of an advanced communication system for legislative decision making, and for connecting all elements of the justice system;
- (4) Examine the possibilities for a futures scanning process by which emerging problems and possibilities may be identified;
- (5) Devise recommendations for legislative and administrative action; and
- (6) Assist and coordinate the plans, programs, and activities of individuals, associations, corporations, and agencies, public and private, who are concerned with the future of Hawaii, to stimulate and promote an awareness of scientific, technological, and social system changes and their effect on Hawaii's economic, political, cultural, and social systems and environment.

Your Committee believes that it is necessary to make an effort to collaboratively anticipate the future, its opportunities for new jobs and industries, and other possibilities and impacts. The commission established by this measure is the necessary first step towards achieving a better future for the State.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 184 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1387 Education on S.C.R. No. 277

The purpose of this concurrent resolution is to request:

- (1) That the Department of Education (DOE) comply with the findings and recommendations on office clerical staffing contained in The 1990 School and District Office Clerical Staffing Study;
- (2) That the DOE act immediately to shift excess clerical personnel from schools that experience diminishing student enrollment to schools where there is a critical shortage of clerical staff; and
- (3) That the DOE submit a report on the status of its actions to comply with the office clerical staffing recommendations to the Legislature.

Your Committee received testimony supporting this measure from the Department of Education, McKinley High School, Waialua High & Intermediate School, Mililani Mauka Elementary School, the Hawaii Government Employees Association, the Hawaii School Office Services Association, five School Administrative Services Assistants, and two clerk-typists.

Your Committee finds that there is a shortage of clerical positions at all schools. The DOE estimates that it is presently at seventy percent of the clerical staffing standard.

Your Committee also finds that The 1990 School and District Office Clerical Staffing Study was undertaken to review and update the 1985 school clerical staffing standards to reflect clerical staffing needs based on the schools' current services.

Your Committee further finds that as the functions of the DOE are decentralized, the roles of the school clericals have expanded to meet the increased workload in order to support the mission of the DOE and individual schools.

Your Committee amended this concurrent resolution by:

- (1) Requesting the DOE's compliance with The 1990 School and District Office Clerical Staffing Study pending the availability of funds;
- (2) Deleting the requirement that the DOE shift excess clerical personnel to schools with critical clerical staff shortages;
- (3) Requesting that the DOE, the Hawaii Government Employees Association, and the Hawaii School Office Services Association work together to develop a plan to provide future clerical staffing to all schools; and
- (4) Amending the title of this concurrent resolution to read:

"REQUESTING THAT THE DEPARTMENT OF EDUCATION, THE HAWAII GOVERNMENT EMPLOYEES ASSOCIATION, AND THE HAWAII SCHOOL OFFICE SERVICES ASSOCIATION DEVELOP A PLAN TO PROVIDE FUTURE CLERICAL STAFFING TO ALL SCHOOLS."

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 277, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 277, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1388 Transportation and Intergovernmental Affairs on S.C.R. No. 14

The purpose of this concurrent resolution is to urge the award of the cleanup and restoration of the Kahoolawe prime contract to a Native Hawaiian owned company.

Your Committee received testimony in support of this concurrent resolution from the Office of Hawaiian Affairs, Kahoolawe Island Reserve Commission, County Council of the County of Maui, Laborers-Employers Cooperation and Education Trust, Native Hawaiian Chamber of Commerce, and the Association of Hawaiian Civic Clubs.

Your Committee finds that Kahoolawe is a spiritually significant place for Native Hawaiians who are anxious to remove the scars left upon it by years of bombing by the United States military, and restore the island to its proper status of cultural importance. With the State's slump in the economy, it is important that opportunities for local businesses are made available whenever possible. It would be only fitting that a Native Hawaiian owned company head such a project and similar enterprises be solicited to participate in this effort.

Your Committee and the Association of Hawaiian Civic Clubs have concurred to amend this concurrent resolution by recognizing the importance of giving preference to Hawaii's small businesses, small disadvantaged businesses, women owned small businesses, and Native Hawaiian owned small businesses in the cleanup and restoration of Kaho'olawe Island Contract.

Therefore, your Committee has amended this concurrent resolution by:

- (1) Changing the title to: "RECOGNIZING THE IMPORTANCE OF GIVING PREFERENCE TO HAWAII'S SMALL BUSINESSES, SMALL DISADVANTAGED BUSINESSES, WOMEN OWNED SMALL BUSINESSES, AND NATIVE HAWAIIAN OWNED SMALL BUSINESSES IN THE CLEANUP AND RESTORATION OF KAHOOLOWE ISLAND CONTRACT."; and
- (2) Deleting all references to prime contract.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 14, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 14, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 1389 (Joint) Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs on S.C.R. No. 10

The purpose of this concurrent resolution is to urge the Department of Land and Natural Resources and the Department of Transportation to establish a cooperative agreement with the Pua Ka'ilima 'O Kawaihae Community Association to maintain (caregive) the site known as Pua Ka'ilima 'O Kawaihae or "LST Landing/Coral Flats".

Your Committees find that at the western end of the landfill of Kawaihae Harbor, Kawaihae, Hawaii, just makai of the State Department of Defense's fenced area, is an undeveloped area of approximately one and one-half acres of sandy crushed coral known as Pua Ka'ilima 'O Kawaihae or "LST Landing/Coral Flats". Historic documentation validates that during the time of the alii, the surf fronting this area was the favorite of High Chiefess Ka'ahumanu, the favorite wife of Kamehameha the Great. The site was named after the island of Pua Ka'ilima which in historical times was the only island where ilima grew and which was subsequently destroyed by dredging and landfill actions.

Currently, this site is the YMCA Sailing Club headquarters and storage area, and is a favorite location of residents for ocean activities such as surfing, sailing, and fishing, and is an excellent site for surfing contests such as the Tiger Espere Longboard Surfing Classic which was held there recently.

Pua Ka'ilima 'O Kawaihae is currently under the jurisdiction of the Department of Land and Natural Resources and the Department of Transportation, and, to ensure the existence and maintenance of this site for ocean activities, your Committees believe

that these agencies need to designate the site as such and arrange a maintenance program. Towards this end, the Pua Ka'ilima 'O Kawaihae Community Association has offered to maintain (caregive) the site without any cost to the State.

Your Committees applaud the civic responsibility exhibited by the Pua Ka'ilima 'O Kawaihae Community Association. However, your Committees also recognize the primary purpose of Kawaihae Harbor as being a commercial activity center and is therefore of substantial importance to the area's economic wellbeing. As the need for space for increased cargo activities presents itself, your Committees firmly believe that the Department of Transportation should have the flexibility and authority to terminate any maintenance agreement for the area.

Your Committees believe that this understanding between the involved parties will provide for the necessary maintenance of the area while still providing the Department of Transportation with the flexibility to manage the area according to its needs.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 10 and recommend its adoption.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 6 (Aki, Fernandes Salling, Fukunaga, Ige, D., Kanno, Taniguchi).

SCRep. 1390 Water, Land, and Hawaiian Affairs on S.C.R. No. 11

The purpose of this concurrent resolution is to request that the Office of Hawaiian Affairs facilitate and convene a task force to develop a plan of action to protect, improve, and expand traditional food resources and production.

The Office of Hawaiian Affairs is requested to convene the task force with the assistance of the Association of Hawaiian Civic Clubs, and to comprise the task force of experts in agriculture, horticulture, economics, farming, fishing, and nutrition from the private sector, the University of Hawaii, and the Departments of Agriculture, Health, and Business, Economic Development, and Tourism; representatives from farming and fishing associations; and individual taro farmers, fishers, limu growers, and other cultural food producers.

Your Committee finds that sources and supplies of traditional Hawaiian staple foods such as kalo, poi, 'uala, i'a me limu have diminished to the point where Hawaiian cultural foods are not available during most of the year, and are extremely costly when they are available. This shortage creates an urgent need for immediate action to end the diminishing supplies, current shortages, and escalating costs of traditional foods, as well as to avoid future shortages.

Your Committee believes that expertise in agriculture, horticulture, economics, farming, fishing, and nutrition is needed to study the problem of supply, as well as resource protection and expansion, and to create an action plan to assure the availability of Hawaiian cultural food production.

Your Committee further believes that this measure is the necessary first step in addressing a critical cultural and nutritional problem facing the State.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 11 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Taniguchi).

SCRep. 1391 Water, Land, and Hawaiian Affairs on S.C.R. No. 109

The purpose of this concurrent resolution is to request that the Auditor undertake an audit of the State's management of Mauna Kea and the Mauna Kea Science Reserve and report findings and recommendations to the Legislature prior to the 1998 Regular Session.

Your Committee received testimony in support of the measure from the Sierra Club, Hawaii Chapter. The Department of Land and Natural Resources and the University of Hawaii's Institute for Astronomy had no objections to the measure. A private citizen also submitted comments.

Your Committee finds that the Department of Land and Natural Resources administers the State's authority over Mauna Kea and since 1965, a number of telescopes have been constructed on Mauna Kea as a result of a permit issued from the Department of Land and Natural Resources to the University of Hawaii. The permit resulted in the establishment of the Mauna Kea Science Reserve of some 11,000 to 13,000 acres.

Your Committee also finds that the major planning and implementation documents for the Mauna Kea Science Reserve were adopted in 1982 by the University of Hawaii Board of Regents and in 1985, by the Board of Land and Natural Resources (and amended in 1987). Recently, allegations have surfaced of noncompliance with various plans, violations of agreements, and widely differing interpretations of permitted uses, including such issues as what constitutes a single telescope.

Your Committee believes that the many allegations, rebuttals, and explanations need to be sorted out and/or resolved soon since degradation of Mauna Kea would be difficult to ameliorate or reverse. Consequently, your Committee agrees with the intent of the measure.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 109 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Ige, D., Taniguchi).

SCRep. 1392 Commerce, Consumer Protection, and Information Technology on H.B. No. 148

The purpose of this bill is to require all legitimate towing companies to paint their name on their trucks to prevent casual theft of vehicles by opportunistic thieves posing as tow truck operators.

Your Committee received written testimony in support of this measure from the Department of Commerce and Consumer Affairs (DCCA), with amendments, the Hawaii Automotive Repair & Gasoline Dealers Association, Hawaii State Towing Association, and Waialae Chevron.

Your Committee has made available H.B. No. 148, proposed S.D. 1, in conjunction with S.C.R. 33, REQUESTING THE AUDITOR TO CONDUCT A SUNRISE REVIEW OF THE REGULATION OF TOW TRUCK OPERATORS, for review and comment. H.B. No. 148, proposed S.D. 1, would regulate the tow truck industry and has been amended to provide guidance for the Auditor as a basis for the sunrise analysis.

Your Committee has heard discussions on this matter in previous hearings and is in agreement that a sunrise review by the Auditor is needed before any new regulations are enacted.

Your Committee has amended H.B. No. 148, proposed S.D. 1, to provide the Auditor with clear guidelines for the review.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the action to report out H.B. No. 148, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 148, S.D. 1, and be recommitted to the Committee on Commerce, Consumer Protection, and Information Technology for further consideration.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1393 Commerce, Consumer Protection, and Information Technology on H.B. No. 939

The purpose of this bill is to allow automobile rental companies to charge lessees a prorated charge for annual vehicle license and registration fees and weight taxes and exempt fees allowed by chapter 437D from the mandatory cost disclosure requirements of the statute.

Your Committee received testimony in support of this measure from Alamo Rent A Car and CATRALA-HAWAII. The Department of Commerce and Consumer Affairs (DCCA) submitted testimony in opposition.

Your Committee finds that chapter 437D was enacted to address the serious problems that tourists and residents encountered when they rented an automobile, particularly concerning prices quoted in advance as opposed to prices charged at the checkout counter. Your Committee also understands the concerns of the rental companies regarding government imposed costs such as license and registration fees, and the industry's wish to prorate these costs among renters, without misleading the public regarding these charges.

Your Committee, after further discussion with industry and DCCA representatives, has amended this bill to:

- (1) Amend chapter 437D, Hawaii Revised Statutes (HRS), to allow the lessor to visibly pass on the general excise tax, the vehicle license and registration fee and weight taxes prorated at 1/365th of the annual costs actually paid on the vehicle being rented, and the rental motor vehicle surcharge tax as provided in section 251-2; and
- (2) Amend section 437D-6, HRS, to reflect the charges in the previous amendment; provided these do not limit the lessor's obligation to disclose all such payments.

Your Committee believes the term "payments" does not require specific dollar amounts, but may include types of payments such as vehicle license and registration fees, weight taxes, surcharges, and general excise tax.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 939, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 939, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Kanno).

SCRep. 1394 Commerce, Consumer Protection, and Information Technology on H.B. No. 1450

The purpose of this bill is to permit financial services loan companies (FSLCs) the right to charge and to retain any and all fees, charges, and expenses, without limitations, for all consumer loan transactions.

Your Committee received testimony in support of this measure from the Hawaii Financial Services Association, Inc., Standard Financial Corp., Realty Finance, Inc., Oahu Finance Co., Ltd., Kauai Island Finance, Inc., and Maui Finance Company. The Commissioner of Financial Institutions (Commissioner) submitted testimony in opposition.

Your Committee finds that under current law, FSLCs cannot pass on many of the costs of revising and processing loan applications, as well as the costs of disclosure forms, required by state and federal regulations. Banks, savings and loans, and credit unions may, and do, charge loan documentation fees to partially cover these costs. Only FSLCs are limited to outside or in-house attorney fees for loan documentation costs that may be passed on to customers.

Your Committee is in agreement that treating FSLCs differently places an undue burden on an industry which provides a valuable service to consumers. However, your Committee has also heard the concerns of the Commissioner regarding the proposed unlimited types of fees which could be charged by FSLCs. In further discussions, industry representatives and the Commissioner have agreed to amend section 412:9-304(5), Hawaii Revised Statutes, to:

- (1) Clarify that the fees charged are fees for the development, processing, and preparation of loan documents; and
- (2) Provide that paragraph (5) shall apply only to consumer loans which are secured by an interest in real property.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1450, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1450, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Kanno).

SCRep. 1395 Commerce, Consumer Protection, and Information Technology on H.B. No. 2239

The purpose of this bill is to amend section 269-27.6, Hawaii Revised Statutes, to require the public utilities commission to consider additional factors in making a determination regarding the overhead or underground construction of 138 kilovolt or greater high-voltage transmission systems.

Your Committee received testimony in support of this measure from the Consumer Advocate, Manoa Neighborhood Board No. 7, the Outdoor Circle's Na Leo Pohai, the Community Vision Committee, and fourteen individuals. The Public Utility Commission (PUC) submitted extensive amendments.

Your Committee finds that there has been significant controversy and public debate regarding the placement of high-voltage transmission lines underground or overhead. While underground construction is generally three to five times more costly, overhead lines are unsightly and could diminish property values for those residing near the path of a line.

Your Committee is in agreement that these additional factors should be considered in making any decision regarding the placement of new high-voltage lines.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2239, H.D. 2, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Kanno).

SCRep. 1396 Human Resources on S.R. No. 77

The purpose of this resolution is to request the Commission on the Status of Women to provide the legislature with information on sexual harassment in state agencies and the State Civil Rights Commission with information on the handling of sexual harassment complaints by state agencies.

Your Committee received testimony in support of this measure from the Hawaii Civil Rights Commission, Sex Abuse Treatment Center, and the Hawaii State Commission on the Status of Women.

Your Committee believes that this resolution is necessary to obtain information on sexual harassment within state government agencies, including statistics, program proposals, and procedural and enforcement aspects.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 77 and recommends that it be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 1397 (Joint) Human Resources and Health and Environment on S.R. No. 86

The purpose of this resolution is to request the Departments of Health (DOH) and Human Services (DHS) to develop a joint brochure to inform consumers and providers about access to mental health and substance abuse services under the QUEST program, including those available on the Island of Hawaii.

Your Committees received testimony in support of this resolution from the State Planning Council on Developmental Disabilities (Council), Mental Health Association of Hawaii, and one private individual with mental illness and physical disabilities. The DOH deferred to the DHS on testimony. The DHS submitted testimony in opposition on the grounds that QUEST already is required to provide pertinent information and does so by a handbook.

Your Committees have amended this resolution on recommendation of the Council to include all statewide services provided by QUEST.

As affirmed by the records of votes of the members of your Committees on Human Resources and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.R. No. 86, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 86, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 6. Noes, none. Excused, 5 (Fukunaga, Levin, Tam, Anderson, Sлом).

SCRep. 1398 Ways and Means on H.B. No. 1023

The purpose of this bill is to broaden the scope of and participation in the annual conference of secondary school students.

Specifically, this bill amends the law relating to the annual conference of secondary school students by:

- (1) Authorizing the participation of seventh and eighth grade students in the annual conference;
- (2) Identifying various conference formats for the student conference committee to consider in planning the annual conference; and
- (3) Revising the number of members on the student conference committee.

Your Committee finds that Act 47, Session Laws of Hawaii 1996, suspended the annual conference of students for 1997 and convened a student governance summit to review the organizational structure, roles, and responsibilities of the student conference committee and the individual school councils in consideration of the implementation of school/community-based management and student-centered schools. This bill is a result of that review.

The annual conferences are a valuable forum for students to get involved in the betterment of their schools by generating ideas and proposing solutions to school problems. This bill will enhance the benefits of the annual conference by expanding student participation and clarifying the conference planning process.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1023, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 1399 Ways and Means on H.B. No. 1105

The purpose of this bill is to establish a two-year dental health demonstration project by the Department of Health and the Department of Education in the county of Kauai.

This bill authorizes a demonstration project during the 1997-1998 and 1998-1999 school years in the county of Kauai. The project encourages each child entering school to submit a dental health certificate or certification from a dentist that the child will undergo a dental exam and have all necessary treatment. No child shall be excluded from school for failure to provide the certificate and no additional funds are appropriated for this project. The Department of Health and Department of Education are required to establish an educational program informing the parents and dental community of the requirements and purpose of the program.

Your Committee finds that early detection and treatment of dental problems in children will be beneficial to the children's health. Promoting early detection and preventative care will also serve to reduce costly procedures when dental problems are left unattended.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1105, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1400 Ways and Means on H.B. No. 1138

The purpose of this bill is to clarify the responsibility of parents and guardians for minors' compliance with the student code of conduct adopted by the Board of Education.

Specifically, this bill: requires the Department of Education to inform all parents and guardians of the code of conduct and of parents' and guardians' responsibility with respect to ensuring compliance; and subjects parents and guardians to penalties for the failure of their children to meet the requirements of regular attendance and punctuality and to respect school property.

Your Committee finds that research has shown the important role played by the involvement of parents and guardians in a child's education. Such participation improves a child's motivation for learning and lays a foundation for responsible citizenship. Your Committee believes that such active involvement in a child's education should include ensuring compliance with the student code of conduct.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1138, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1401 Ways and Means on H.B. No. 1287

The purpose of this bill is to assist contractors, subcontractors, and materialmen who provide materials or perform work for state construction projects.

Specifically, the bill allows contractors, subcontractors, and materialmen who are not paid amounts due for their nondisputed, completed work or delivered materials to institute an action against the payment bond, without having to wait for the publication of the final notice of completion, which is not made until the entire project is completed.

Your Committee finds that in these difficult economic times contractors, subcontractors, and materialmen need timely payment to see them through. Your Committee notes that this bill tracks the language of federal law, known as the Miller Act, which allows an action on the payment bond within ninety days of the completion of the work or the furnishing of material. Your Committee further finds that, as there currently appears to be no bond cost difference for federal or local projects, this measure would not result in increased bond costs.

Your Committee has made a technical amendment to this bill at page 3, lines 6-7, to clarify the cross reference to section 507-41, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1287, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1287, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1402 Ways and Means on H.B. No. 1367

The purpose of this bill is to authorize the Natural Energy Laboratory of Hawaii Authority (NELHA) to engage in one retail concession activity and one tour-related activity that are unrelated to, but that will financially support, research, development, and commercialization of natural energy resources in Hawaii.

Your Committee finds that NELHA presently contributes more than \$43,000,000 annually to the local economy. Approximately one hundred forty people are employed by private tenants at the facility. The success of NELHA has been made possible by the State's investment in NELHA's operations and infrastructure, which in turn, enables the leveraging significant amounts of federal and private capital.

NELHA has indicated that it is currently striving to reduce its operational costs and move toward a goal of greater self-sufficiency. This measure expands the scope of NELHA's activities and further diversifies its revenue sources.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1367, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1403 Ways and Means on H.B. No. 1638

The purpose of this bill is to increase the number of temporary exempt positions in the Correctional Industries Program in any fiscal year from thirty to sixty.

Your Committee finds that the Correctional Industries Program is a self-sufficient program (i.e., a program that does not receive moneys from the general fund) that operates programs using sound, fundamental business practices to provide quality goods and services on time to customers, including the public, government agencies, nonprofit organizations, and the correctional system.

The Correctional Industries Program was established to defray the rising cost of incarceration; decrease the amount of inmate idleness and the resultant trouble, boredom, and lack of self-esteem; develop good work habits and skills by employing inmates in a business-like environment; supply goods and services to correctional centers and correctional facilities, the Department of Human Services, and other state agencies; and improve and accelerate the successful transition of inmates to a productive and useful life within the community.

Income from correctional industries program sales increased 1,727 per cent between 1985 and 1995 as the number of inmates employed by the program increased from twenty-five to three hundred and fifty, and is expected to reach \$8,500,000 by the end of fiscal year 1996-1997--of which \$566,650 or 6.7 per cent will be profit. The number of inmates expected to be employed by the Correctional Industries Program is expected to reach six hundred by the end of fiscal year 1996-1997.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1638, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1404 Ways and Means on H.B. No. 1814

The purpose of this bill is to allow contributory plan members of the state Employees' Retirement System to purchase service credit on a pre-tax basis.

The current state law requires employees who purchase service credit by payroll deduction or by a lump sum to do so on an after-tax basis. The Internal Revenue Service permits employee contributions by payroll deductions to be treated on a pre-tax basis. Allowing the treatment on a pre-tax basis provides a federal income tax deferral of employee contributions until the distribution to the employee.

This amendment to the Employees' Retirement System will increase take-home paychecks to employees who participate in the contributory plan without requiring additional state resources. Additionally, this change gives contributory plan employees another retirement saving tool.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1814, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1405 Water, Land, and Hawaiian Affairs on H.B. No. 1488

The purpose of the bill is to change the definition of a family child care home to mean a private home where no more than six children, unrelated to the caregiver, are cared for at any given time.

The bill also extends the term of registration of family child care homes from annually to every two years and extends the maximum cumulative time period allowed to operate a family child care home under a temporary permit from twelve months to twenty-four months.

Your Committee believes that the bill provides child care providers with adequate flexibility and stability while concomitantly maintaining the safeguards of the existing family child care home law.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1488, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Anderson).

SCRep. 1406 Water, Land, and Hawaiian Affairs on H.B. No. 1750

The purpose of this bill is to provide that the assignment and transfer of an agricultural lease may be made if the assignee is a bona fide individual farmer or nonindividual farm concern.

Your Committee finds that, due to ambiguities in current law, a number of non-farmers in recent years may have received assignments of agricultural leases on state trust lands. This measure will allow the Department of Land and Natural Resources to ensure that state trust lands dedicated to agriculture are actually used in agricultural pursuits.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1750, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Anderson).

SCRep. 1407 Transportation and Intergovernmental Affairs on H.B. No. 1760

The purpose of this bill is to repeal outdated laws contained in chapter 286A, Hawaii Revised Statutes, the Vehicle Equipment Safety Compact.

Your Committee previously held a hearing on companion bill S.B. No. 1620.

Your Committee finds that the Vehicle Safety Equipment Compact established a Vehicle Equipment Safety Commission to promote uniformity in state regulation of, and standards for, vehicle equipment. The Compact is no longer in existence and the Commission was disbanded in 1984. Therefore, your Committee finds it fit to delete this unnecessary law.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1760 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Slom).

SCRep. 1408 Transportation and Intergovernmental Affairs on H.B. No. 1756

The purpose of this bill is to ensure that commercial activities at public airports are covered by the penalty provisions of section 261-21, Hawaii Revised Statutes.

Your Committee previously held a hearing on companion bill S.B. No. 1616.

Your Committee finds it necessary to update section 261-21, Hawaii Revised Statutes, to provide the Department of Transportation the authority to impose penalties on illegal commercial activities at public airports. This authority was inadvertently dropped when this section was amended in 1980. This measure seeks to restore this authority and allow the Department of Transportation to impose such penalties.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1756, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Slom).

SCRep. 1409 Commerce, Consumer Protection, and Information Technology on H.B. No. 387

The purpose of this bill is to allow nurses to pursue alternatives in meeting the future health care needs of the people of Hawaii by including registered nurses in the Professional Corporations Act.

Your Committee received written testimony in support of this measure from the Hawaii Nurses Association.

Your Committee previously held a public hearing on S.B. No. 136 that is a companion to this measure.

Your Committee supports the intent of this bill and believes it will provide the nursing profession with the ability to pursue new trends in health care, while providing for the protection of consumers.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 387 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1410 Commerce, Consumer Protection, and Information Technology on H.B. No. 780

The purpose of this bill is to authorize a condominium association to assess owners to fund one hundred percent of estimated replacement reserves using a cash flow plan and to require that the budget indicates whether reserves were calculated using a percent funded or cash flow plan.

Your Committee received written testimony in support of this measure from the Real Estate Commission.

Your Committee previously held a public hearing on S.B.No. 680 that is a companion to this measure.

Your Committee supports the intent of this measure and believes it will ensure adequate reserve funds while providing condominium associations with an option for achieving realistic funding levels.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 780, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1411 Commerce, Consumer Protection, and Information Technology on H.B. No. 793

The purpose of this bill is to:

- (1) Waive for nine months most of the requirements of a residential developer's contingent final public report, including land ownership, financial commitments, executed construction contracts, building permits, and the construction performance bond, while continuing to bind the purchaser to the contract; provided that if the developer does not meet the waived requirements within nine months, the purchaser will have an option to cancel the contract to purchase; and
- (2) Change the timing of the marketing of condominium apartments to simultaneous marketing for both owner-occupants and non-owner-occupants.

Your Committee received written testimony in support of this measure from the Real Estate Commission and The Myers Corporation. One individual submitted comments.

Your Committee previously held a public hearing on S.B. No. 1361 that is substantially similar to this measure.

Your Committee finds that this measure will assist developers of residential condominium projects, while continuing to provide substantial protection to consumers.

Your Committee has amended the bill to retain the provision in section 514A-104.5 requiring that the affidavit include an affirmation that the commission be immediately notified of a decision by the affiant to cease being an owner occupant. (The bill as received would have required notification to the developer.) Your Committee also made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 793, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 793, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1412 Commerce, Consumer Protection, and Information Technology on H.B. No. 1326

The purpose of this bill is to clarify laws relating to the purchase of liquor by Class 14 brewpub licensees.

Your Committee previously held a public hearing on S.B.No. 223 that is a companion to this measure.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1326 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 1413 Commerce, Consumer Protection, and Information Technology on H.B. No. 1818

The purpose of this bill is to broaden the definition of "practitioner" under the Hawaii Food, Drug, and Cosmetic Act to permit pharmacists to fill prescriptions written by individuals who are authorized by the laws of the State to prescribe prescription drugs.

The bill also reorders and updates definitions in section 328-1, Hawaii Revised Statutes, (HRS), and other provisions of chapter 328, HRS.

Your Committee received written testimony in support of this measure from the Department of Health (DOH), the Hawaii Academy of Physician Assistants, and Longs Drug Stores.

Your Committee previously held a public hearing on S.B. No. 1561 that is a companion to this measure.

Your Committee supports the intent of this measure to clarify the food and drug law and ensure that prescription drugs are properly dispensed to consumers. Your Committee has amended this bill on recommendation of the DOH to clarify the definition of "practitioner" by replacing the word "certified" with "licensed". Technical, nonsubstantive amendments also were made.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1818, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1818, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 1414 Commerce, Consumer Protection, and Information Technology on H.B. No. 1819

The purpose of this bill is to clarify the labeling requirements for dispensing and refilling prescriptions.

Your Committee received written testimony in support of this measure from the Department of Health, Kaiser Permanente, and Longs Drug Stores.

Your Committee previously held a public hearing on S.B. No. 1562 that is a companion to this measure.

Your Committee supports the intent of this measure and believes it provides consumers with additional information related to their prescriptions.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1819, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 1415 Commerce, Consumer Protection, and Information Technology on H.B. No. 1860

The purposes of this bill are to:

- (1) Prohibit unaccredited institutions from issuing bachelor and master of arts, bachelor and master of science, juris doctor, and master of law degrees;
- (2) Prohibit conference of law degrees if the institution is not accredited by the American Bar Association;
- (3) Require registration of unaccredited degree-granting institutions with the department of commerce and consumer affairs; and
- (4) Require unaccredited degree-granting institutions to obtain eligibility for accreditation within three years from the effective date of this Act.

Your Committee received written comments on this measure from International University and University of the Nations. Greenwich University and Pacific Western University submitted written testimony in opposition.

Your Committee previously held a public hearing on S.B. No. 388 that is a companion to this measure.

Your Committee supports the intent of this measure and believes it will protect both students and restore Hawaii's academic reputation.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1860, H.D. 3, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 1416 Water, Land, and Hawaiian Affairs on S.C.R. No. 22

The purpose of this concurrent resolution is to urge the Office of Hawaiian Affairs (OHA) to:

- (1) Review its fiscal policies and budget assignments relating to Native Hawaiian health services;
- (2) Commence meetings for discussion of Native Hawaiian health problems; and
- (3) Fund the Native Hawaiian Health Care Systems in an amount equal to the mandated federal cutbacks or amounts for each island system, as determined by the social, economic, and population demographics of each island.

The measure also requests that the OHA consider funding the local matching fund requirement of one local dollar for every five federal dollars, for each of the Native Hawaiian Health Care Systems' federal allocations required pursuant to the Native Hawaiian Health Care Improvement Act of 1992, P.L. 102-396.

Your Committee finds that the Native Hawaiian Health Care Systems provide Native Hawaiians with access to health services, risk assessments, health promotion, disease prevention, primary prevention projects, cultural resources, transportation, emergency assistance, primary care, and other enabling services. These services are made available to those health care recipients who are severely impacted by their geographical location.

Unfortunately, Congress recently mandated a twenty-five percent reduction in 1996-1997 funding, resulting in large scale cutbacks in programs and services to the Native Hawaiian community. An additional factor that adversely impacts the Native Hawaiian Health Care Systems and its use of federal funds is the requirement that local matching funds be secured at a ratio of one to five (for every locally raised dollar, there will be a matching \$5 from the federal government) to be eligible for the federal moneys.

Your Committee believes that the provisions of the measure are within the scope of OHA's authority and that the Native Hawaiian Health Care Systems would benefit from OHA's involvement.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 22, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Anderson).

SCRep. 1417 Education on H.B. No. 1132

The purpose of this bill is to repeal obsolete sections of the recodified education law which were renumbered by the revisor of statutes pursuant to section 23G-15(1), Hawaii Revised Statutes (HRS). Additionally, conforming amendments were made to sections 302A-101 and 302A-420, HRS.

Your Committee received testimony supporting this measure from the Department of Education and the Hawaii State Teachers Association.

Your Committee finds that pursuant to Act 168, Session Laws of Hawaii 1995, an Education Statutory Revision Interim Study Group (Study Group) was convened.

Your further finds that Act 89, Session Laws of Hawaii 1996, implemented all but twelve of the Study Group's recommendations.

Your Committee amended this bill by replacing section 302A-419, HRS, with section 302A-420, HRS, in section 2 of the bill dealing with profits to pupils, since section 302A-419 is repealed in section 7 of this bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1132, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1132, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1418 Ways and Means on H.B. No. 122

The purpose of this bill is to maximize funding for early intervention services for infants and toddlers with special needs.

Specifically, this bill creates an early intervention special fund and an early intervention trust fund. The purpose of these funds is to maximize federal reimbursement and facilitate private contributions. The special fund is to receive deposits from legislative appropriations and federal reimbursements for eligible early intervention services funded by legislative appropriations. The trust fund is to receive deposits from private donations and federal reimbursements for eligible early intervention services funded by private donations. Moneys from both funds are to be used to obtain additional federal matching funds and for additional early intervention services by grants under the grants, subsidies, and purchases of service law.

Furthermore, this bill requires the Hawaii Early Intervention Coordinating Council to make recommendations to the Department of Health for expenditures from the funds. The Department of Health is also required to notify the Legislature of any planned significant reduction or elimination of early intervention services. In addition, no such reduction or elimination may be undertaken without the Legislature's approval. The bill prohibits state budgetary amounts for existing services under HTH 530, HTH 540, HTH 550, and HTH 570 during the 1997-1999 fiscal biennium from being reduced, replaced, or supplanted by the Governor or the Director of Finance. The bill further allows the Legislature to intervene to counter any restrictions or significant reduction or elimination of services or any reallocation of existing funding for those services. Finally, the bill appropriates \$9,600,000 and \$14,400,000 from the special fund, and \$2,000,000 and \$3,000,000 from the trust fund for fiscal years 1997-1998 and 1998-1999, respectively, for early intervention services for infants and toddlers with special needs.

Your Committee has amended this bill by replacing all appropriated amounts with blank amounts for purposes of further discussion. In addition, your Committee has added the phrase "or its designee" to allow the Legislature more flexibility to intervene to counter any reduction or elimination of services on page 5, line 2.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 122, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 122, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1419 Ways and Means on H.B. No. 646

The purpose of this bill is to appropriate state funds as additional matching funds to serve individuals with developmental disabilities in the Title XIX medicaid home and community-based services waiver program.

Your Committee finds that a medicaid waiver program under the authority of Section 1915(c) of the Social Security Act was designed to allow states to provide long-term care, support, and other services in the community, using at least fifty per cent federal dollars, to individuals with developmental disabilities who would otherwise be institutionalized. The medicaid home and community-based services waiver program provides an array of services, including adult day health, personal assistance, environmental accessibility adaptations, habilitation, supported employment, respite care, skilled nursing, and specialized services designed to support the individual's right to live in the community.

The home and community-based services waiver program presently serves approximately five hundred seventy-five individuals with developmental disabilities. However, there are, at minimum, six hundred twenty-five additional individuals who need services and support to enable them to live in the community. Moreover, the number of individuals with developmental disabilities on the waiting list continues to grow.

Your Committee notes that recent statistics indicate that Hawaii ranks forty-seventh in its level of funding for community services and fiftieth in its total funding effort for mental retardation and developmental disabilities services. Furthermore, the home and community-based services waiver program is underfunded, causing the State to use state dollars inefficiently and to miss opportunities to maximize the receipt of federal dollars.

Upon careful consideration, your Committee has amended this bill by changing the amount appropriated to an unspecified amount to facilitate continuing discussion on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 646, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 646, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1420 Ways and Means on H.B. No. 1243

The purpose of this bill is to authorize the Department of Health to establish positions for toxicologists to assess human health risk and air quality modelers to assess the impact of air releases.

The bill also provides that these positions are to be funded from the environmental response revolving fund and the clean air special fund, respectively.

Your Committee finds that there is a growing concern about the effects of airborne pollutants. At the same time, the Department of Health is moving away from an environmental management strategy based upon rigid technical standards in favor of one based upon risk assessment to human health and the environment. Your Committee notes, however, that the Department of Health currently lacks the expertise of professional toxicologists and air quality modelers essential for the Department to adequately model the dispersion of air releases and to evaluate the health impacts of the releases on human populations. Accordingly, your Committee finds

that this bill is necessary for the Department to obtain professional staff capable of assessing airborne chemical threats to the environment.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1243, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1421 Ways and Means on H.B. No. 1388

The purpose of this bill is to allow the courts to impose interest penalties for all outstanding traffic citations and judgments.

Specifically, this bill authorizes the courts to adopt rules to assess penalties based on a graduated scale that increases in proportion to the length of delinquency of the citation. This bill also allows the courts to waive payment of the penalty for good cause.

Your Committee finds that uncollected fines for traffic citations are a potential source of revenue which can be used to support the operations of the district courts. Your Committee further finds that imposing penalties may serve as an incentive for offenders to remit their fines on a timely basis to avoid the penalty.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1388, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1422 Health and Environment on H.B. No. 1244

The purpose of this bill is to authorize the Director of Health to allow emissions reduction credit trading.

Your Committee heard testimony in favor of this bill submitted by the Director of Health but indicated that the measure may not be needed at this time. The Director also testified in favor of the measures contained in House Bill No. 1218, H.D. 2, S.D. 1, House Bill No. 1246, H.D. 2, S.D.1, and House Bill No. 1838, H.D. 2, S.D. 1.

After considering the testimony and merits of this measure, your Committee decided that the program contemplated by this bill is currently unnecessary and that this measure would best serve the interests of the public by becoming a vehicle for the measures set forth in House Bill No. 1218, H.D. 2, S.D. 1, and House Bill No. 1246, H.D. 2, S.D. 1. Your Committee amended this bill by deleting its contents and replacing it with the contents of House Bill No. 1218, H.D. 2, S.D. 1, and House Bill No. 1246, H.D. 2, S.D. 1.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1244, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1244, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Chun Oakland).

SCRep. 1423 Health and Environment on H.B. No. 1580

The purpose of this bill is to:

- (1) Exclude protozoa and other invertebrates from the definition of "animal" under the state quarantine statute;
- (2) Include provisions for importing unlisted organisms for medical, agricultural and environmental emergencies and for medical research; and
- (3) Clarify that violation of permit conditions for unlisted organisms constitutes a violation under section 150A-6, Hawaii Revised Statutes.

Your Committee received testimony in support of this measure from the Department of Agriculture (DOA).

After thorough review of this bill and aforementioned testimony, your Committee believes that this bill will enable the DOA to more effectively administer the State's plant and non-domestic quarantine program.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1580 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1424 Health and Environment on H.B. No. 1833

The purpose of this bill is to clarify ambiguities in the law regarding parking privileges, as it relates to the payment of parking fees by qualified persons with disabilities. Additionally, the bill permits qualified persons with disabilities to park in state airport parking lots free of charge for up to twenty-four hours, if the use of the parking stall was primarily for purposes of traveling between islands to receive medical care.

Testimony in support of the bill was received from a concerned individual. The Department of Transportation (DOT) submitted testimony supporting the intent of the portion of the bill that clarifies the ambiguities in the law regarding parking privileges. However, the DOT opposed the part that adds new parking privileges at state airports.

The DOT indicated that the law regarding parking privileges was originally intended to provide accessible parking to buildings and facilities for persons with disabilities. The issue of free parking was not the consideration.

Additionally, the DOT suggested that this parking privilege is abused largely due to the free two-and-a-half hours of parking, and adding the free airport parking privilege will only add to the abuse.

However, your Committee believes that persons with disabilities who must often travel from neighbor islands to Oahu for medical care may experience unnecessary hardship due to the costs of travel and parking, not to mention the medical expenses. Therefore, your Committee believes that the free airport parking privilege contained in the bill is justified. However, to address the DOT's concern regarding the alleged abuse of the parking privilege, your Committee intends that the twenty-four hours of free parking at state airports be temporary. This will provide the DOT the opportunity to determine the extent of any actual abuse of this parking privilege.

After considering the testimonies received and the merits of the measure, your Committee has amended the bill by including a "sunset" provision that will repeal the twenty-four hours of free parking at state airports for qualified disabled persons on June 30, 1999.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1833, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1833, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1425 Health and Environment on H.B. No. 1842

The purpose of this bill is to add "therapeutic living programs" under the regulatory authority of the Department of Health and eliminate unsupervised, independent living arrangements from the community residential treatment system.

Your Committee heard testimony in favor of this bill submitted by the Director of Health.

After considering the testimony and merits of this measure, your Committee incorporated most of the Director's recommendations and amended this bill by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1842, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1842, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1426 Government Operations and Housing on H.B. No. 143

The purpose of this bill is to consolidate and streamline the State's varied housing programs now under the Hawaii Housing Authority, the Housing Finance and Development Corporation, and the Rental Housing Trust Fund.

Your Committee replaced the provisions of H.B. No. 143, H.D. 2, with provisions amending section 515-3, Hawaii Revised Statutes, to conform with the Federal Fair Housing Amendments Act of 1988 to meet requirements necessary for Hawaii to continue to receive federal funds. Copies of the proposed Senate draft were attached to the hearing notices. In general the bill as amended deletes the requirement that a disabled person use a "certified" guide or signal dog; and provides that a "service animal" is not just a dog, but includes all animals trained to provide those life activities limited by a person's disability. The proposed Senate draft provided that no owner or person engaged in a real estate transaction, or broker or salesperson is relieved from making reasonable accommodations.

Your Committee received favorable testimony in support of the proposed Senate draft from the Hawaii Civil Rights Commission (HCRC), the Commission On Persons With Disabilities, the Hawaii Association of Realtors, and a private citizen.

Your Committee was informed that, by contract between HCRC and the federal Department of Housing and Urban Development (HUD), HCRC receives \$1200 per investigation of discriminatory practices from HUD. It was estimated that HCRC received approximately \$70,000 a year, and that this money was important to HCRC's operations particularly in these economically stressed times. In order to continue federal funding, the State's laws must be in substantial compliance with federal laws. HUD has required this compliance in the past and is expected to continue its insistence on compliance when the contract is renewed in September of this year.

Upon further consideration, your Committee has amended the proposed Senate draft by deleting the provision stating that persons in real estate transactions, brokers, or salespersons are not relieved from making reasonable accommodations and by fine-tuning the definition of "service animal".

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 143, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 143, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 1427 Transportation and Intergovernmental Affairs on H.B. No. 293

The purpose of this bill is to clarify when vehicles other than school vehicles may be used to transport pupils to and from school, school functions, and school-related activities. The bill also permits the Department of Transportation (DOT) to grant exemptions when the use of school vehicles would be impractical due to economic conditions, and impossible due to unavailability of school vehicles.

Your Committee received testimony in support of this bill from the DOT. Testimony in support of the intent of this bill was received from the Department of Education.

Your Committee finds that current law authorizes the DOT to grant exemptions to the use of school vehicles when compliance is not possible or impractical due to factors beyond the school's control, such as unavailability of school vehicles. This bill adds economic factors as another reason for noncompliance.

Your Committee also finds that exemptions are currently granted for the use of nonschool vehicles to transport students when school vehicles are deemed to be unavailable. Present provisions governing the availability of school vehicles are not clear, however, and raise the possibility of abuse in the contracting of nonschool vehicles for student transportation at a higher cost. The provisions in this bill will clarify the law as it relates to when a school vehicle is considered to be unavailable.

Your Committee notes its intent that the Department of Education ensures the availability of transportation for students attending Hawaiian Immersion Programs.

Your Committee has amended this bill by clarifying that the original intent of the amendments made to this measure were to add "impossible due to the unavailability of school vehicles," and "impractical due to economic factors" when granting exemptions for the use of non-school vehicles for school-related activities. It was not the intention of your Committee to add more exemptions to this section.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 293, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 293, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 1428 Transportation and Intergovernmental Affairs on H.B. No. 1085

The purpose of this bill is to increase the vehicle weight rating limits for trucks and vans for purposes of requiring an examination for drivers licensing.

This bill increases the weight rating limit from ten to eleven thousand pounds or less for trucks and vans, and from ten to eleven thousand one through twenty-six thousand pounds for trucks, passenger cars, buses, and vans.

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

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1085, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 1429 Transportation and Intergovernmental Affairs on H.B. No. 1395

The purpose of this bill is to require drivers at railroad grade crossings to stop, and if a train is approaching, proceed only after the train has passed.

Your Committee received testimony in support of this bill from the Police Department of the City and County of Honolulu, Hawaiian Railway, and a private citizen. Testimony in support of the intent of this bill was received from the Department of Transportation.

Your Committee recognizes that Hawaii's laws relating to railroad crossings should be upgraded to meet the standards of those on the Mainland. California, Washington, and Nevada are among the many states that require motorists to stop at railroad crossings and not proceed until the train has completely passed.

Your Committee believes in strengthening Hawaii's traffic laws to ensure safety for motorists and pedestrians, and has amended this bill by clarifying that motorists must stop at a railroad crossing if an approaching train is within 1,500 feet of the crossing.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs 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 Second Reading in the form attached hereto as H.B. No. 1395, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Aki, Fernandes Salling).

SCRep. 1430 (Joint) Human Resources and Judiciary on H.B. No. 371

The purpose of this bill is to protect employers from civil liability for the good faith disclosure of a former employee's job performance to a prospective employer by establishing a statutory presumption that the employer acted in good faith.

Testimony in support of the measure was received from the Department of Human Resources Development, City and County of Honolulu, the County of Hawaii Department of Civil Service, and fifteen separate businesses and business associations. They noted that full and candid disclosure of a prospective employee's previous job performance is an important part of business operations and ensures that sensitive services to the public, e.g. nursing, airline pilots, financial services, are not inhibited or threatened. Supportive testimony also asserted that the fear of lawsuits has substantially chilled or eliminated meaningful disclosure by former employers.

Testimony expressing concerns was received from the Hawaii Civil Rights Commission, the Hawaii State AFL-CIO, the Hawaii Nurses' Association, the Consumer Lawyers of Hawaii, two private attorneys, and a private individual. The principal concern expressed was that the proposed immunity would supercede existing labor or civil rights statutes, collective bargaining agreements, arbitration awards, court orders, contracts, and other legal agreements governing disclosure with respect to particular employees or circumstances. Another expressed concern was that the "clear and convincing" standard required by the bill to rebut the presumption of good faith would deter legitimate discrimination and retaliation suits thereby further effectively punishing employees who may have been the victims of discrimination.

Your Committees are in agreement with the measure's intent to reasonably facilitate the free flow of relevant information from a former employer to prospective employer. Your Committees also agree that the public has a vital interest in the exchange of this information; but do not believe that this interest should supercede the rights of employees. Accordingly, the bill has been amended by:

- (1) Adding current employees to former employees under the protection;
- (2) Inserting "preponderance of the evidence" in place of "clear and convincing evidence"; and
- (3) Adding several other chapters, applicable federal law, and contracts, agreements, court orders, and arbitration awards to the list of unaffected authorities.

As affirmed by the records of votes of the members of your Committees on Human Resources and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 371, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 371, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 4 (Bunda, Fukunaga, Levin, Anderson).

SCRep. 1431 Ways and Means on H.B. No. 1770

The purpose of this bill is to appropriate and authorize funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated during fiscal biennium 1995-1997 with the exclusive bargaining representative of collective bargaining unit 1.

This bill also appropriates and authorizes funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for salary increases and other cost adjustments negotiated in fiscal biennium 1995-1997 and authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1770, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1770, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1432 Ways and Means on H.B. No. 1771

The purpose of this bill is to appropriate and authorize funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated during fiscal biennium 1995-1997 with the exclusive bargaining representative of collective bargaining unit 2.

This bill also appropriates and authorizes funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for salary increases and other cost adjustments negotiated in fiscal biennium 1995-1997 and authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1771, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1771, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1433 Ways and Means on H.B. No. 1772

The purpose of this bill is to appropriate and authorize funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated during fiscal biennium 1995-1997 with the exclusive bargaining representative of collective bargaining unit 3.

This bill also appropriates and authorizes funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for salary increases and other cost adjustments negotiated during fiscal biennium 1995-1997 and authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by:

- (1) Changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter; and
- (2) Appropriating and authorizing funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for employee benefits negotiated during fiscal biennium 1995-1997 and authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees in the Office of Hawaiian Affairs who are excluded from collective bargaining.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1772, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1772, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1434 Ways and Means on H.B. No. 1774

The purpose of this bill is to appropriate and authorize funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated during fiscal biennium 1995-1997 with the exclusive bargaining representative of collective bargaining unit 5.

This bill also appropriates and authorizes funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for salary increases and other cost adjustments negotiated in fiscal biennium 1995-1997 and authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1774, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1774, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1435 Ways and Means on H.B. No. 1775

The purpose of this bill is to appropriate and authorize funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated during fiscal biennium 1995-1997 with the exclusive bargaining representative of collective bargaining unit 6.

This bill also appropriates and authorizes funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for salary increases and other cost adjustments negotiated in fiscal biennium 1995-1997 and authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1775, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1775, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1436 Ways and Means on H.B. No. 1776

The purpose of this bill is to appropriate and authorize funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated during fiscal biennium 1995-1997 with the exclusive bargaining representative of collective bargaining unit 7.

This bill also appropriates and authorizes funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for salary increases and other cost adjustments negotiated in fiscal biennium 1995-1997 and authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1776, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1776, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1437 Ways and Means on H.B. No. 1777

The purpose of this bill is to appropriate and authorize funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated during fiscal biennium 1995-1997 with the exclusive bargaining representative of collective bargaining unit 8.

This bill also appropriates and authorizes funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for salary increases and other cost adjustments negotiated in fiscal biennium 1995-1997 and authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1777, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1777, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1438 Ways and Means on H.B. No. 1778

The purpose of this bill is to appropriate and authorize funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for all collective bargaining cost items in the agreement arbitrated during fiscal biennium 1995-1997 with the exclusive bargaining representative of collective bargaining unit 9.

This bill also appropriates and authorizes funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for salary increases and other cost adjustments arbitrated in fiscal biennium 1995-1997 and authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1778, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1778, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1439 Ways and Means on H.B. No. 1779

The purpose of this bill is to appropriate and authorize funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated during fiscal biennium 1995-1997 with the exclusive bargaining representative of collective bargaining unit 10.

This bill also appropriates and authorizes funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for salary increases and other cost adjustments negotiated in fiscal biennium 1995-1997 and authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1779, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1779, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1440 Ways and Means on H.B. No. 1780

The purpose of this bill is to appropriate and authorize funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated during fiscal biennium 1995-1997 with the exclusive bargaining representative of collective bargaining unit 13.

This bill also appropriates and authorizes funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for salary increases and other cost adjustments negotiated during fiscal biennium 1995-1997 and authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by:

- (1) Changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter; and
- (2) Appropriating and authorizing funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for employee benefits negotiated during fiscal biennium 1995-1997 and authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees in the Office of Hawaiian Affairs who are excluded from collective bargaining.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1780, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1780, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1441 Ways and Means on H.B. No. 1781

The purpose of this bill is to appropriate and authorize funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated during fiscal biennium 1995-1997 with the exclusive bargaining representatives of collective bargaining units 3, 4, and 13.

This bill also appropriates and authorizes funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for salary increases and other cost adjustments negotiated during fiscal biennium 1995-1997 and authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by:

- (1) Changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter; and
- (2) Appropriating and authorizing funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for employee benefits negotiated during fiscal biennium 1995-1997 and authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees in the Office of Hawaiian Affairs who are excluded from collective bargaining.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1781, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1781, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1442 Ways and Means on H.B. No. 1782

The purpose of this bill is to appropriate and authorize funds for fiscal biennium 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit 1.

This bill also appropriates and authorizes funds for fiscal biennium 1997-1999, to pay for salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1782, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1782, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1443 Ways and Means on H.B. No. 1783

The purpose of this bill is to appropriate and authorize funds for fiscal biennium 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit 2.

This bill also appropriates and authorizes funds for fiscal biennium 1997-1999, to pay for salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1783, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1783, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1444 Ways and Means on H.B. No. 1784

The purpose of this bill is to appropriate and authorize funds for fiscal biennium 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit 3.

This bill also appropriates and authorizes funds for fiscal biennium 1997-1999, to pay for salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by:

- (1) Changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter; and
- (2) Appropriating and authorizing funds for fiscal biennium 1997-1999, to pay for employee benefits authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees in the Office of Hawaiian Affairs who are excluded from collective bargaining.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1784, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1784, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1445 Ways and Means on H.B. No. 1785

The purpose of this bill is to appropriate and authorize funds for fiscal biennium 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit 4.

This bill also appropriates and authorizes funds for fiscal biennium 1997-1999, to pay for salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by:

- (1) Changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter; and
- (2) Appropriating and authorizing funds for fiscal biennium 1997-1999, to pay for employee benefits authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees in the Office of Hawaiian Affairs who are excluded from collective bargaining.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1785, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1785, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1446 Ways and Means on H.B. No. 1786

The purpose of this bill is to appropriate and authorize funds for fiscal biennium 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit 5.

This bill also appropriates and authorizes funds for fiscal biennium 1997-1999, to pay for salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1786, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1786, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1447 Ways and Means on H.B. No. 1787

The purpose of this bill is to appropriate and authorize funds for fiscal biennium 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit 6.

This bill also appropriates and authorizes funds for fiscal biennium 1997-1999, to pay for salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1787, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1787, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1448 Ways and Means on H.B. No. 1788

The purpose of this bill is to appropriate and authorize funds for fiscal biennium 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit 7.

This bill also appropriates and authorizes funds for fiscal biennium 1997-1999, to pay for salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1788, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1788, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1449 Ways and Means on H.B. No. 1789

The purpose of this bill is to appropriate and authorize funds for fiscal biennium 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit 8.

This bill also appropriates and authorizes funds for fiscal biennium 1997-1999, to pay for salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1789, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1789, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1450 Ways and Means on H.B. No. 1790

The purpose of this bill is to appropriate and authorize funds for fiscal biennium 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit 9.

This bill also appropriates and authorizes funds for fiscal biennium 1997-1999, to pay for salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1790, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1790, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1451 Ways and Means on H.B. No. 1791

The purpose of this bill is to appropriate and authorize funds for fiscal biennium 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit 10.

This bill also appropriates and authorizes funds for fiscal biennium 1997-1999, to pay for salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1791, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1791, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1452 Ways and Means on H.B. No. 1792

The purpose of this bill is to appropriate and authorize funds for fiscal biennium 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit 11.

This bill also appropriates and authorizes funds for fiscal biennium 1997-1999, to pay for salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1792, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1792, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1453 Ways and Means on H.B. No. 1793

The purpose of this bill is to appropriate and authorize funds for fiscal biennium 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit 13.

This bill also appropriates and authorizes funds for fiscal biennium 1997-1999, to pay for salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by:

- (1) Changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter; and
- (2) Appropriating and authorizing funds for fiscal biennium 1997-1999, to pay for employee benefits authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees in the Office of Hawaiian Affairs who are excluded from collective bargaining.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1793, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1793, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1454 Ways and Means on H.B. No. 1840

The purpose of this bill is to provide a \$21,000,000 emergency appropriation to the Hawaii Health Systems Corporation for fiscal year 1996-1997.

Your Committee finds that the State's community hospitals system is in the midst of a critical funding crisis. According to the system, all available funding will be expended before the end of the fiscal year. Thereafter, the program will be unable to meet its obligation to provide services to members of the public requiring hospital-based services. Several reasons for the shortage include the fact that no general funds were appropriated and no cost saving changes were made under Act 262, Session Laws of Hawaii 1996, which established the Hawaii Health Systems Corporation.

While it fully concurs with the intent and purpose of the appropriation, your Committee finds that an emergency allotment of \$8,000,000 will suffice for the purposes of the community hospitals system for the remaining months of the fiscal year. Your Committee has amended this bill by reducing the appropriation accordingly.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1840, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1840, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 11. Noes, none. Excused, none.

SCRep. 1455 (Joint) Human Resources and Ways and Means on H.B. No. 1806

The purposes of this bill are to:

- (1) Reduce volatility of employer contributions to the pension accumulation fund of the Employees' Retirement System (ERS) through the use of a five-year moving average based on the total earnings of the ERS for the calculation of the employers' investment earnings credit or debit; and
- (2) Provide a corresponding set-off of ten percent a year, cumulatively up to one hundred percent, for employer contributions to the pension accumulation fund to make up for actual investment earnings shortfalls.

The Hawaii State Teachers Association, the Hawaii State Teachers Association-Retired, the Coalition of Hawaii State/Counties Retirees, Inc., the Oahu Retired Teachers Association, and concerned individuals submitted testimony in opposition of this measure as drafted. Your committees received comments from the Department of Budget and Finance. The Employees' Retirement System testified that it preferred the provisions of S.B. No. 257, S.D. 1, which deal with the same issue.

In consideration of the testimony presented, your Committees have amended the bill by:

- (1) Extending the pensioners' bonus authorized under Act 339, Session Laws of Hawaii 1990, for two years;
- (2) Deleting the House version's plan to utilize a five-year moving average formula to calculate employers' investment earnings credit or debit;
- (3) Deleting the corresponding ten percent per year setoff;
- (4) Amending the timeframe in which excess investment earnings are to be returned to the ERS by stating that in fiscal year 1996, twenty percent of earnings in excess of the investment yield rate are to be deposited into the Pension Accumulation Fund and in fiscal year 1997, one hundred percent of all earnings are to be deposited into the Pension Accumulation Fund;
- (5) Changing the ERS' actuarial funding method to the entry age normal cost funding method;
- (6) Providing that the unfunded accrued liability is to be liquidated in twenty-one years beginning from July 1, 1995; and
- (7) Providing that the amendments to the Hawaii Revised Statutes made by the bill will drop dead on June 30, 1999.

Your Committees find that the current funding method used by the ERS has a major weakness in that the total unfunded liability is understated. Under the current frozen initial liability funding method, the ERS' unfunded liability was "frozen" at \$470 million in 1987 when the post retirement fund was merged into the pension accumulation fund. Through the annual payments of \$39 million for interest and principal, this amount has been reduced to \$413 million as of June 30, 1996. The actual unfunded liability under the proposed entry age normal cost method was estimated to be \$1.6 billion as of June 30, 1996. The entry age normal cost method is used by thirty-nine state retirement systems. Finally, your Committees find that there could still be a \$700 million unfunded liability in the year 2016 if there is no change to the current funding method.

With regard to changing the ERS' method of actuarial calculation, your Committees believe that the use of the entry age normal cost funding method and the repeal of the excess earnings credit to public employers is financially advantageous to the State in that it will:

- (1) Result in a savings of \$126.5 million in public employer contributions over the next two years, including \$72.8 million for the state general fund;
- (2) Reduce the public employers' concern over the financial volatility of fluctuating employer contributions from year to year;
- (3) Produce lower employer contributions in the long term;
- (4) Decrease the risk in future years of a large employer appropriation requirement whenever the ERS has a poor investment return; and
- (5) Allow the ERS to reduce its large unfunded liability to the point where it becomes fully funded by the year 2016.

Your Committees believe that it is incumbent upon the State to protect the financial integrity of the state retirement program by reducing its \$1.6 billion unfunded liability. However, understanding the current fiscal crisis the State faces, your Committees feel it is prudent to eliminate the requirement that the state and county governments make up the \$99.4 million shortfall from fiscal year 1995.

As affirmed by the records of votes of the members of your Committees on Human Resources and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1806, H.D. 1, as amended herein, and

recommend that it pass Second Reading in the form attached hereto as H.B. No. 1806, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 14. Noes, none. Excused, 1 (Sakamoto).

SCRep. 1456 Ways and Means on H.B. No. 258

The purpose of this bill is to separate the convention center capital and operations special fund into a convention center capital special fund and a convention center operations special fund.

Your Committee finds that the Hawaii convention center is scheduled to open in mid-1998. While the facility promises to provide economic benefits to the State as a whole, the project also poses many special financial challenges. The financial future of the State dictates that revenue-generating options must be proactively and vigorously explored.

Because of the urgency of the situation, your Committee finds it imperative that a privatization plan be formulated prior to the opening of the Convention Center. In this regard, your Committee has amended this bill by deleting the entire text of the bill and inserting the contents of S.B. No. 527, S.D. 2. This bill, as amended by your Committee, requires the Department of Budget and Finance, the Department of Business, Economic Development, and Tourism, and the Convention Center Authority to formulate a privatization plan for the Convention Center prior to the 1998 regular session of the Legislature.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 258, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 258, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1457 Ways and Means on H.B. No. 1485

The purpose of this bill is to support and encourage the aquaculture industry by establishing loan availability for qualified aquaculturalists.

Specifically, the bill: authorizes the Chairperson of the Board of Agriculture to approve loans, where the amount requested, plus any principal balance on existing loans to an applicant, does not exceed \$25,000 of state funds; specifies class D emergency loans for qualified aquaculturalists for a variety of environmental and economic emergencies; and broadens the definition of "aquaculture" to include non-food species, to allow access to capital by growers of resources, such as pearl oysters, aquarium species, and certified disease-free shrimp broodstock.

Your Committee finds that aquaculture is a growing industry that is making a significant contribution to Hawaii's diversified economy and is providing needed economic opportunities to the State's rural areas. The Department of Agriculture's aquaculture revolving loan fund has been an important source of capital for the aquaculture industry, particularly small, family farm aquaculture operations. This measure will assist the aquaculture industry by making the State's aquaculture program even more effective by streamlining loan approvals and allowing qualifying aquaculture producers to apply for low interest emergency loans when disasters have been declared by the Board of Agriculture or the Governor.

Your Committee has amended this measure by:

- (1) Requiring, rather than authorizing, the Department of Agriculture to adopt rules relating to loan approvals on page 4, line 14;
- (2) Adding to the bracketed language in the definition of "aquaculture", on page 1, line 11, the words "that are" to reflect the present statutory language; and
- (3) Changing the designation on page 5, lines 13 and 18 to (i) and (ii), respectively, to eliminate potential ambiguities in references caused by having two sets of subparagraphs (A) and (B) within the same paragraph (1).

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1485, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1485, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1458 Ways and Means on H.B. No. 1694

The purpose of this bill is to provide a general excise tax exemption for international professional services performed by architects, engineers, education professionals, health care professionals, attorneys, and accountants.

This bill provides a broad exemption for a variety of professional services that are exported outside of the United States and requires the Director of Business, Economic Development, and Tourism to certify the eligibility for the exemption. This policy creates an unnecessary burden on both the taxpayer and the Director and is inconsistent with other tax policies in the State. Therefore, your Committee has replaced the contents of this bill with the substance of S.B. No. 934, S.D. 1.

This bill, as amended, exempts from the general excise tax all gross proceeds arising from sales out-of-state that would otherwise be subject to a four per cent general excise tax rate under section 237-13(6) and (8) (service business and professionals). Your Committee further modified this bill to phase-in the full exemption by decreasing the tax rate by one percentage point each year

beginning in taxable periods after June 30, 1997. For tax periods after June 30, 2000, the gross proceeds arising from the sale of services out-of-state are exempt from the general excise tax.

Your Committee has retained the automatic repeal date of July 1, 2002, and the requirement that the Director of Taxation report on the taxation of exported services to the Legislature before the regular session of 2002.

This bill, as amended by your Committee, moves the taxation of the sale of services out-of-state to a level that is more on par with the taxation of the sale of goods out-of-state. At the same time, it allows the State to monitor the fiscal effect of this change by gradually phasing in the exemption. Requiring the Director of Taxation to report on the taxation of exported services before the regular session of 2002 gives the Legislature an opportunity to review and evaluate the fiscal effect of the exemption to determine whether or not the exemption should become permanent.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1694, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1694, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1459 Ways and Means on H.B. No. 1645

The purpose of this bill is amend certain tax laws to bring entities formed pursuant to the new Uniform Limited Liability Company Act under the tax provisions.

This bill amends the state income tax law to include limited liability companies in the definition of "resident persons". This bill also amends the general excise tax law and the rental motor vehicle and tour vehicle surcharge tax law to include members of a limited liability company as persons with a material interest in the return to examine confidential tax records.

Your Committee has amended this bill by making nonsubstantive amendments to, among other things, conform cross references in certain statutes to reflect the removal of numeric designations for definitions in section 239-2.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1645, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1645, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1460 Ways and Means on H.B. No. 1863

The purpose of this bill is to permit the Director of Commerce and Consumer Affairs to assess fees for copies of consumer and business education publications prepared or issued by the Department.

Your Committee finds that, in times of fiscal austerity, it is appropriate for departments to be as self-supporting as possible. It is appropriate for those who receive Department publications to pay a reasonable fee for them. Your Committee notes that the fees may be reduced or waived for nonprofit organizations.

Your Committee finds that the self-support concept is a necessary one and should be extended to other areas within the Department. Therefore, your Committee has amended this bill by requiring all fees charged by the regulatory agencies within the Department to cover, to the greatest extent possible, the cost or value of services rendered to those regulated.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1863, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1863, H.D. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1461 Ways and Means on H.B. No. 872

The purpose of this bill is to remove the ceiling on the number of members that the East-West Center may appoint to its international advisory board.

Your Committee finds that by removing the present ceiling of eleven members, the East-West Center will be able to increase representation on the advisory board by more Pacific and Asian nations. Increased representation by these nations will facilitate the Center's efforts to raise funds from these nations' governmental and private sources. Funds from these nations are needed to supplement the reduced federal funding of recent years.

Your Committee has amended this bill by changing the word "qualification" at page 3, line 18, to "qualifications" in order to correctly replicate the text of Act 82, Session Laws of Hawaii 1975, that is being amended by this bill.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 872, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 872, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 9. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 1462 Ways and Means on H.B. No. 1654

The purpose of this bill is to make permanent the temporary authority of the University of Hawaii and the Department of Education to supervise their respective accounts for the receipt and disbursement of money.

Your Committee finds that the University of Hawaii and the Department of Education have become more responsive to a wide range of business opportunities and requirements since they were authorized to assume temporary responsibility over all matters relating to the acquisition of goods and services, pre-audit of payments, payroll, disbursing, fund accounting, and business and accounting forms. Your Committee also finds that this temporary authority will expire by operation of law on June 30, 1998, unless it is either extended or made permanent.

While your Committee is satisfied so far with the results of granting the University of Hawaii and the Department of Education greater fiscal and administrative flexibility and control, it also believes that the University and the Department must be closely monitored during these austere economic times to ensure that the best interests of the entire State--and not just these two agencies--are protected. Consequently, your Committee has amended this bill by deleting the provision to make this temporary authority permanent, and by adding a provision to extend this authority until June 30, 2000.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1654, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1654, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1463 Ways and Means on H.B. No. 1655

The purpose of this bill is to authorize the University of Hawaii to engage in commercial enterprises that are related and incidental to the primary purposes of the university and to establish the University of Hawaii commercial enterprises revolving fund.

Specifically, this bill:

- (1) Requires all revenues derived from the operation of commercial enterprises by university programs to be deposited into the University of Hawaii commercial enterprises revolving fund;
- (2) Allows these revenues to be expended for all costs and expenses associated with the operation of the enterprises, including hiring personnel, renovating commercial space, and purchasing merchandise, supplies, and equipment;
- (3) Exempts expenditures from the revolving fund from the laws relating to civil service, compensation, public service, leaves of absence, hours of work, collective bargaining, and the expenditure of public moneys and public contracts; and from the Hawaii Public Procurement Code;
- (4) Allows unexpended revenues in the revolving fund to be transferred to other university funds and expended for the general benefit of the University; and
- (5) Allows the University to transfer private funds at its disposal into the revolving fund to finance the establishment of new enterprises.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1655, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Tanaka).

SCRep. 1464 (Majority) Ways and Means on H.B. No. 1664

The purpose of this bill is to authorize the Board of Regents of the University of Hawaii to do what is necessary to assure the participation of Hawaii in the Western Governors University.

In particular, the bill establishes Hawaii's participation and membership in the Western Governors University, establishes a Western Governors University special fund, and appropriates funds for membership fees in the Western Governors University.

Your Committee finds that the Western Governors University is a good program that could provide our citizens with access to educational programs from other states and uses modern telecommunication technology to share resources cooperatively. After due consideration, your Committee has amended this bill by changing the appropriated amount to an unspecified amount to permit renewed scrutiny of all appropriations in light of current budgetary constraints.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1664, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1664, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, 1 (Ige, M.). Excused, 1 (Taniguchi).

SCRep. 1465 Ways and Means on H.B. No. 1689

The purpose of this bill is to improve the process for expending state funds for grants, subsidies, and purchases of services.

In particular, this bill provides that one process is to be used by state agencies to expend appropriations of state funds for grants and subsidies for public purposes, and a separate single process for the purchase of health and human services to the State's citizens on the agencies' behalf. This bill also appropriates \$300,000 to the state procurement office for the 1997-1998 and 1998-1999 fiscal years to pay for operating expenses of the state procurement office to implement the bill's requirements.

Your Committee agrees with the intent of this bill, and finds that the intent of providing a separate process for health and human services is to ensure fair and equitable treatment of all those who apply to and are paid to provide those services. Your Committee finds that this process will result in a simpler, standardized process for both state agencies and providers to use, and will optimize information-sharing, planning, and service delivery efforts.

Upon further consideration, your Committee has amended this bill by making several technical, nonsubstantive changes to the prefatory language of section 4 and the text of sections 5, 6, 8, and 9 of the bill to indicate more specifically the exact changes being made by this measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1689, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1689, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1466 Ways and Means on H.B. No. 1797

The purpose of this bill is to test the effectiveness and necessity of the ten-year transfer restriction under section 201E-221, Hawaii Revised Statutes, imposed on homeowners who purchased their homes under the Hula Mae Mortgage Loan Program.

Specifically, this bill creates a pilot project in which the transfer restriction is reduced to a period of three years for homes in a housing project to be selected by the Housing Finance and Development Corporation and that are purchased after the effective date of this bill. The bill also requires the Housing Finance and Development Corporation to report annually to the Legislature on the progress of the pilot project.

Your Committee has amended this bill to correctly identify the Housing Finance and Development Corporation in section 1 of the bill by inserting the word "Housing" on page 1, line 2.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1797, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1797, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1467 Ways and Means on H.B. No. 1836

The purpose of this bill is to authorize the Department of Health to administer a state revolving fund program for the improvement of public water systems.

Your Committee finds that ensuring the quality of Hawaii's drinking water is a fundamental function of the State. Proper coordination of state and federal resources to protect and improve drinking water is a key element in attaining this objective. To ensure adequate funding among the states, Congress authorized the issuance of loans and other specified financial assistance for improvements to public water systems through the Safe Drinking Water Act Amendments of 1996. This bill establishes the mechanism to provide loans and other financial assistance to public water systems, including systems that are privately owned, to protect the quality of drinking water throughout the State.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1836, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 1468 Ways and Means on H.B. No. 1843

The purpose of this bill is to promote water pollution prevention and control by expanding the financing program of the water pollution control revolving fund.

This bill seeks to implement the promotion of water pollution prevention and control through the establishment of a revolving fund loan program, which provides for the issuance of loans for the financing of state and county agency eligible projects at or below market rates, and through the establishment of a leveraging program using revenue bonds and fund loan programs in a coordinated manner that does not cause the state debt ceiling to be exceeded.

Your Committee agrees with the intent of this bill, and finds that while the State's wastewater needs continue to grow, federal funding of the program has been terminated, making future funding uncertain. Your Committee finds that this bill will enhance the program's ability to provide expanded funding to the counties while maintaining fiscal self-sufficiency, thereby ensuring that the state debt ceiling is not exceeded.

Upon further consideration, your Committee has amended this bill by making a technical, nonsubstantive amendment to section 3 of the bill. That section provides that all grants, loans, agreements, and acts "which were previously made" under section 342D-54, Hawaii Revised Statutes, are preserved. Your Committee finds that this language is ambiguous and may be construed to mean different time periods. Your Committee has accordingly amended this language to read: "which were made before the effective date of this Act".

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1843, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1843, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 1469 Ways and Means on H.B. No. 1713

The purpose of this bill is to make technical, nonsubstantive housekeeping amendments to the Hawaiian Homes Commission Act of 1920, as amended.

Specifically, this bill makes terms gender neutral, reformats the statutory text of certain sections, and makes certain other changes to implement certain style conventions followed in the Hawaii Revised Statutes.

Your Committee believes that these changes do not alter the spirit or intent of the federal Act and do not require the consent of Congress.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1713, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1470 Ways and Means on H.B. No. 112

The purpose of this bill is to permit the testimony in criminal proceedings of victims and witnesses via two-way closed circuit video.

Your Committee finds that there is a compelling state interest in protecting the public's health, safety, and welfare by ensuring the State has the ability to prosecute cases in which a critical witness is unable to attend the trial. A witness may have legitimate difficulties in attending court for the purposes of testifying. For example, a witness may have reasonable fears in facing the accused, especially when the witness was victimized in a violent or abusive fashion. Further, there may be situations where the witness is physically incapable of attending court or where attendance will cause physical hardship. In other instances, it may be difficult to compel an out-of-state or foreign witness to return for trial, despite reasonable efforts to obtain the witness' presence. Foreign visitors may be particularly reluctant to return to Hawaii to testify as they may be unfamiliar with the American legal system and may thus be apprehensive about testifying. Moreover, the procedures the State must follow to subpoena foreign visitors to secure their attendance are considerably more complicated than that required for U.S. residents, making it nearly impossible to prosecute crimes against such visitors.

Your Committee further finds that the inability to prosecute cases in which the witness is a visitor significantly impacts the crime rate in Hawaii, in part because career criminals realize that they can prey on visitors who will not likely return to our State to testify against them. Beyond the adverse impacts these unprosecuted cases have on our visitors, Hawaii residents are also affected because these same criminals will continue to victimize not only visitors but residents. Thus, public safety is compromised and the quality of life for our residents is diminished due to fear that criminals attack without fear of punishment.

Your Committee further finds that the use of live, two-way simultaneous video and audio transmission provides the accused similar guarantees as face-to-face confrontation, in that the accused will have the opportunity to view the witness and cross examine the witness. Moreover, video conferencing ensures the trier of fact the same guarantee of reliability and trustworthiness of the testimony that face-to-face confrontation provides.

Your Committee believes there exists a compelling State interest in protecting witnesses who are either fearful or emotionally or physically unable to testify by allowing them to testify through live, simultaneous, two-way video conferencing. Your Committee further believes that such cases should be viewed as an exception to the Confrontation Clause of both the Hawaii State Constitution and United States Constitution under the same compelling reason that allows the use of videotaped testimony for child witnesses.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 112, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1471 Ways and Means on H.B. No. 140

The purpose of this bill is to amend the campaign spending law in a variety of areas.

Specifically, this bill:

- (1) Closes a loophole in the campaign spending law on contribution limits by defining a contribution to include a loan of money or anything of value;
- (2) Adds to the duties of the campaign spending commission the responsibility to adopt advisory opinions to provide guidance on interpretation of the campaign spending law and its rules;
- (3) Requires noncandidate committees to register, file preliminary, final, and supplemental reports;
- (4) Provides that corporations using funds from its own treasury have no limit on contributions or expenditures to the corporation or company noncandidate committee;
- (5) Makes filed reports available to the general public instead of only to the chief election officer;
- (6) Provides that when a loan is made to a candidate which in the past was not limited by campaign contribution limits, that loan would become a contribution, in the proportion that the unpaid balance of each endorser or guarantor bears to the total number of endorsers or guarantors;
- (7) Requires that no more than \$100,000 may be appropriated annually for the Hawaii election campaign fund's administration;
- (8) Requires that matching funds be only available to candidates who have opposition; and
- (9) Sets different qualifying campaign contribution amounts by county for the offices of mayor, prosecuting attorney, and county council.

Your Committee has amended this bill by deleting the county council from the list of offices for which a candidate or committee of a candidate shall file reports by electronic means to the campaign spending commission. This means that for county councils candidates' reports will continue to be filed manually as currently provided for.

Your Committee has also added a reference to the County of Maui to section 11-219(4) which was inadvertently omitted from qualifying campaign contribution amounts for prosecuting attorney. Technical, nonsubstantive amendments have also been made.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 140, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 140, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 1472 (Majority) Ways and Means on H.B. No. 1393

The purpose of this bill is to provide for an increase in the salaries of the various justices and judges throughout Hawaii's court system.

Your Committee finds that judges and justices of the State's courts have not received a salary increase since 1990. A recent survey reveals that Hawaii's judicial salaries presently rank forty-seventh among the fifty states, when adjusted for the cost of living in Hawaii. Your Committee notes that, at the federal level, the lowest paid federal magistrate makes \$28,132 more than Hawaii's Chief Justice. Although economic reward should never be the primary objective in public service, your Committee believes that fair and adequate compensation is necessary to attract and retain the finest judges. Nevertheless, your Committee also believes that such compensation should be based, at least in part, upon years of service, as an incentive to ensure the retention of qualified judges committed to public service.

Accordingly, upon careful consideration, your Committee has amended this measure by deleting its contents and inserting the contents of S.B. No. 719, S.D. 2, which provides for larger salary increases for all justices and judges that commence upon a justice's or judge's second term of office.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1393, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1393, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, 1 (Tam). Excused, 1 (Iwase).

SCRep. 1473 Ways and Means on H.B. No. 1587

The purpose of this bill is to: (1) require all state identification cards issued by the Department of the Attorney General to expire within six years of their issuance; and (2) appropriate funds for the purchase of a new automated photo system for the issuance of state identification cards.

Your Committee finds that Hawaii is one of the few states in the country that does not specify expiration dates for state-issued identification cards. Currently, state identification cards are issued for the entire lifetime of the holder, without ever requiring these individuals to provide up-to-date information or submit to a new photograph. Recently, concern over the number of fraudulent state identification cards have placed the reliability of the State's system in question. Your Committee finds the six-year expiration period will compel individuals to renew their identification cards on a periodic basis, thereby ensuring the accuracy and integrity of the State's identification card system.

Your Committee further finds that the appropriation provided in this bill will facilitate the purchase of a new automated photo system capable of processing higher-quality, tamper-proof identification cards in a shorter period of time. With the new equipment, additional staffing will not be necessary to accommodate the processing cost of the new cards.

Your Committee has amended this bill by establishing a special fund for the deposit of all fees collected by the Attorney General through the issuance of certificates of identification under the program. The special fund will enable the Attorney General to utilize these fees to support the functions and operations of the program.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1587, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1587, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 1474 Ways and Means on H.B. No. 1604

The purpose of this bill is to require all convicted felons to serve at least eighty-five per cent of their prison sentences before being eligible for parole.

The bill also increases the prison terms for repeat offenders, felons using firearms, felons involved in offenses against children, the elderly, and the handicapped.

Your Committee finds that the community perception is that prisons are "revolving door" institutions, returning criminals to the streets after serving too short a sentence. The impact of such a situation is to breed contempt in criminals for the penal system, as they in fact receive what they perceive as a mere slap on the wrist for their illegal behavior, despite the imposition of what would appear to be heavy "mandatory" sentences. It also provides inadequate protection to the public, as it too quickly returns unrepentant felons to the community to continue their criminal behavior.

The impact of this bill -- often referred to as the Truth in Sentencing bill -- would be to require a criminal to serve at least eighty-five per cent of the criminal's prison sentence before the possibility of parole, good credit release, furlough, or work or other type of release. The prospect of serving these longer, mandatory sentences, will serve as a deterrent to some criminals. To those for whom it does not, the longer terms will at least help to protect the public by keeping those criminals off the street.

Your Committee also finds that the longer sentences for repeat offenders, felons who commit crimes involving the use of firearms, and felons who commit crimes against children, the elderly, and the handicapped, are important tools in discouraging felons from committing crimes in these categories.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1604, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1475 Ways and Means on H.B. No. 1610

The purpose of this bill is to authorize state agencies to indemnify federal agencies in order to receive aid, assistance, and other services from the federal government.

Your Committee finds that federal law often requires their agencies to be indemnified and held harmless as a condition to the granting of federal aid or the provision of other types of federal assistance. At present, the State has a few specific statutory provisions authorizing the indemnification of federal agencies in discrete situations. However, the State has suffered a loss of federal assistance in other areas due to the lack of a more general authorization.

Your Committee finds that the safeguards in this bill, which condition the authorization on:

- (1) Express or clearly implied federal requirement of the indemnification;
- (2) The governor's approval, with a favorable recommendation by the attorney general; and
- (3) The obtaining of an insurance policy by the comptroller,

to be sufficient to provide the maximum protection for the State while still allowing it to take advantage of federal aid.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1610, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Anderson).

SCRep. 1476 (Majority) Ways and Means on H.B. No. 480

The purpose of this bill is to restore cash assistance and food stamp benefits, which were disallowed by federal law to qualified individuals convicted of felony drug possession, use, or distribution, if the individuals are complying with treatment or have not refused or failed to comply with treatment.

Your Committee finds that the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193) disqualifies these individuals from receipt of food stamps and cash assistance under the new Temporary Assistance to Needy Families. However, the federal law allows states to opt out of the federal disqualification by enacting appropriate state law.

Your Committee finds that denying these individuals assistance may increase the chance they will commit further crimes and push those who have served their time deeper into poverty, thus burdening already limited government resources.

Your Committee has amended this bill by replacing its contents with the contents of S.B. No. 1351, S.D. 1. Your Committee wishes to note that S.B. No. 1351, S.D. 1 is a substantively identical bill except for a provision to sunset the restoration of benefits two years after the effective date of the bill.

Your Committee finds that this measure will help to mitigate the harshness of the transition to a new welfare system designed to promote greater personal responsibility, while retaining the Legislature's option to review the situation after two years to ascertain whether further modifications are needed.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 480, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 480, H.D. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, 1 (Ige, M.). Excused, 1 (Taniguchi).

SCRep. 1477 Ways and Means on H.B. No. 1714

The purpose of this bill is to enable the Department of Human Services to meet its fiscal obligation to implement an electronic benefit transfer system for food stamp and financial assistance programs by appropriating emergency funds for this purpose.

Specifically, this bill appropriates \$1,624,389 of state funds and \$812,195 of federal funds for fiscal year 1996-1997 for this purpose.

Implementation of the electronic benefit transfer system is scheduled to begin with a three-month demonstration project on the island of Kauai in November, 1997. The system is then projected to commence on Maui in February, 1998, on the island of Hawaii in March, 1998, and on Oahu in April, 1998. The statewide system is projected to be in place by May, 1998.

Your Committee has amended this bill by changing the appropriated amounts to blank amounts for purposes of continuing further discussion.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1714, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1714, H.D. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1478 Ways and Means on H.B. No. 1805

The purpose of this bill is to temporarily allocate an additional five per cent of the transient accommodations tax revenues to the convention center capital and operations special fund.

This bill re-allocates the five per cent of transient accommodations tax revenues that is currently retained by the State to be deposited instead into the convention center capital and operations special fund. The re-allocation is effective July 1, 1997, and is repealed on June 30, 1999.

Many different proposals have been advanced regarding additional funding for the convention center. The transient accommodations tax revenues have been the subject of some of the proposals. The transient accommodations tax revenues are an important source of funding for the counties that would cause hardship if disturbed. Your Committee finds that this bill provides a reasonable solution to these issues by re-allocating the State's portion of transient accommodations tax revenues to the convention center for a limited period of time. This does not disrupt the funding source for the counties and at the same time provides additional resources to the convention center.

Your Committee agrees with your Committees on Transportation and Intergovernmental Affairs, Judiciary, and Economic Development that the State should not resolve its fiscal problems at the expense of the counties. Further, your Committee finds this bill operates to continue quality public services at a time of declining resources.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1805, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1479 Ways and Means on H.B. No. 1370

The purpose of this bill is to establish standards for the harvesting of trees on public lands, with special provisions for the harvesting of native trees, and to permit the sale of tree seedlings from state nurseries.

Your Committee finds that the proper management of resources on public lands is vital to the preservation of Hawaii's forests. Native tree and plant species are becoming increasingly threatened by harvesting practices that damage their ecosystems, allowing alien plant species to be introduced, flourish, and eventually destroy the native ecosystems. Mandating appropriate conservation practices to encourage the native biosystem is vital to the health of Hawaii's forests.

Your Committee notes that the tree seedling provision specifically states that the Department of Land and Natural Resources is not encouraged to compete with private sector nurseries, but that the intent is to have the Department to fill needs not otherwise met by the private nurseries.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1370, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1480 Ways and Means on H.B. No. 1732

The purpose of this bill is to provide funding sources for the Bureau of Conveyances equipment modernization special fund.

The Bureau of Conveyances provides an important public service and is heavily used by businesses and individuals. Your Committee finds that this bill would provide the Bureau of Conveyances with the necessary resources to upgrade its computer system, which will enhance its ability to serve the public.

Your Committee has amended this bill by replacing its appropriation with a blank sum for purposes of continuing discussion on the issue.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1732, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1732, H.D. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1481 Ways and Means on H.B. No. 1857

The purpose of this bill is to extend the Hawaiian Home Lands Trust Individual Claims Review Panel to December 31, 1998.

In addition, this bill clarifies the legislative intent that individual claims for losses based solely on the length of the waiting list due to the lack of available developed homesteads are not covered under chapter 674, Hawaii Revised Statutes, and confirms state sovereign immunity from waiting list-based claims accruing between August 21, 1959, and June 30, 1988. This bill also standardizes the methodology for computing interest on an award to a claimant, and revises certain other dates for purposes of conformity.

Upon further consideration, your Committee has deleted the substance of this bill except for sections 2, 6, and 7, which have been amended and renumbered as sections 4, 5, and 6, respectively; and added the contents of Senate Bill No. 1875, S.D. 1. As amended, this bill:

- (1) Adds a new findings and purpose section;
- (2) Requires the Attorney General, the Director of Finance, the Chairperson of the Hawaiian Homes Commission, and the Chairperson of the Hawaiian Home Lands Trust Individual Claims Review Panel to establish damage measurement criteria and negotiate an appropriate settlement formula for the Governor to approve twenty days prior to the convening of the 1998 regular session;
- (3) Requires the Chairperson of the Hawaiian Home Lands Trust Individual Claims Review Panel to utilize the agreed upon criteria and formula to review claims not adjudicated by the panel prior to the submission of the panel's 1997 report to the Legislature, and further requires the panel to submit a report to the Legislature no later than June 1, 1998, regarding how the claims under its jurisdiction not settled by this bill may be settled through nonmonetary means;
- (4) Extends the term of office of panel members from December 30, 1997, to December 31, 1999;
- (5) Amends the definition of "aggrieved individual claimant" to extend the date by which a written notice must be filed with the panel that the claimant does not accept the action taken by the Legislature upon the claim, from October 1, 1997, to October 1, 1999;
- (6) Extends the statute of limitations for claims cognizable under chapter 674, part III, Hawaii Revised Statutes, to actions commenced by September 30, 1999, to December 31, 1999;
- (7) Appropriates funds in an unspecified amount for fiscal year 1997-1998 for payment of monetary damages to claimants identified in the panel's 1997 report whose claims have been adjudicated by the panel pursuant to chapter 674, Hawaii Revised Statutes, and whose claims cannot be satisfied through nonmonetary remedial action;
- (8) Provides that the bill is not to be construed to delay the settlement of claims adjudicated by the panel and submitted for settlement to the Legislature in the 1997 Regular Session; and

- (9) Specifies that the awards contained in the bill are not be considered as a precedent for other pending claims under chapter 674, Hawaii Revised Statutes, and that the criteria and formula established and approved pursuant to section 2 of the bill will be utilized to resolve those claims.

Your Committee agrees with the intent of this bill, as amended, and finds that the issue of determining just compensation for Hawaiian Home Lands Trust beneficiaries who have made claims under chapter 674, Hawaii Revised Statutes, must be conclusively addressed in order for the purposes of the Hawaiian Home Lands Trust to move forward.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1857, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1857, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Tanaka, Taniguchi).

SCRep. 1482 Ways and Means on H.B. No. 2207

The purpose of this bill is to formulate a comprehensive and cohesive strategy to finally resolve the issue of fairly compensating the Office of Hawaiian Affairs and to provide an adequate level of compensation during the interim period.

Specifically, this bill requires the Department of Land and Natural Resources, with cooperation from the Department of Hawaiian Home Lands, the Office of Hawaiian Affairs, and all other state departments that manage public lands to establish a comprehensive inventory of all lands in the public trust. The inventory shall include identification of parcels by tax map key number, who has legal jurisdiction over the parcel, land use and zoning, program use, terms of any lease or other disposition, and the revenue generated. The Department of Land and Natural Resources is required to make a progress report to the Legislature before the Regular Session of 1998, and a final report by the Regular Session of 1999.

A joint committee is being appointed to study and make recommendations on the transfer of lands to the Office of Hawaiian Affairs. The committee is to consist of two designees each from the Senate President, the Speaker of the House of Representatives, and the Office of Hawaiian Affairs. The committee will conduct public hearings to facilitate discussions on the criteria for selection and the process of selection and transfer of portions of the public land trust to the Office of Hawaiian Affairs to satisfy all or a portion of the State's obligations under the Admission Act and the State Constitution. This joint committee is required to report to the Legislature before the Regular Session of 1999.

This bill also appropriates funds to accomplish this review and evaluation.

Finally, this bill establishes that the pro rata portion of the revenue derived from the public trust shall be equal to \$15,100,000 for fiscal year 1997-1998 and for each year thereafter through fiscal year 2000-2001. Your Committee finds that this will provide a fair and adequate revenue resource to the Office of Hawaiian Affairs while the comprehensive inventory and map database of lands is being established and reviewed.

Your Committee acknowledges that this measure will not be acceptable to all groups, but is recommended by your Committee in the interest of maintaining an open dialog. This measure provides the support structure for a bridge to ongoing communication that is the essence of any satisfactory resolution.

Your Committee is in agreement with your Committee on Water, Land and Hawaiian Affairs and finds that this bill provides an appropriate albeit temporary solution to resolve the long standing controversies over ceded lands. More importantly, your Committee believes very sincerely that this bill will lay the groundwork for the process by which these critical issues will be resolved.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2207, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Tanaka, Taniguchi).

SCRep. 1483 Economic Development on H.B. No. 1575

The purpose of this bill is to give the Board of Agriculture (Board) authority to adopt by rule specific formulas and criteria for determining minimum prices to be paid to producers of milk, and to establish by duly noticed order, prices and quotas based on those formulas and criteria without regard to chapter 91, Hawaii Revised Statutes, subject to the Governor's approval.

Your Committee received testimony in support of this measure from the Board and the Hawaii Fresh Milk Industry, Inc.

Your Committee finds that the factors which affect the cost of production and market conditions of milk are volatile. Failure to respond to changes in costs or market conditions in a timely manner jeopardizes the ability of Hawaii's dairy producers to continue to provide a reliable supply of fresh milk.

The Board has indicated that current chapter 91 compliance requirements are time consuming and preclude the rapid implementation of responses to market changes. Allowing the Board, instead, the flexibility to establish specific formulas and criteria on which to base minimum price and quota determinations and to establish prices and quotas by order, would enable it to respond more rapidly to market changes and ensure a more stable milk industry.

Your Committee has amended this measure by adding a one-year drop dead provision.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1575, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1575, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Iwase, Matsunaga, Solomon).

SCRep. 1484 Economic Development on H.B. No. 1693

The purpose of this bill is to provide the Hawaii Strategic Development Corporation (HSDC) more investment flexibility by amending the definition of "economic development project" to include advanced technology-based agricultural enterprises, tourism-related businesses, and retailing.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism (DBEDT).

Your Committee finds that this measure will give HSDC greater investment flexibility, which in turn, will help to stimulate new business activity in the State. DBEDT has indicated that future investments made possible by this measure could include such things as software development for hotel reservation systems, Internet retailing and distribution of Hawaii-made products, and even production of decaffeinated coffee beans from genetic research undertaken at the University of Hawaii.

Another important benefit of expanding HSDC's investment options and easing related restrictions will be to attract increased amounts of out-of-state venture capital to Hawaii projects. This is especially crucial given the State's current fiscal situation and limited resource capacity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1693 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Iwase, Matsunaga, Solomon).

SCRep. 1485 Economic Development on H.B. No. 1738

The purpose of this bill is to:

- (1) Authorize the Department of Land and Natural Resources (DLNR) to license commercial marine dealers;
- (2) Provide DLNR the flexibility to exempt certain commercial marine dealers from monthly reporting requirements;
- (3) Increase the time commercial marine dealers must retain receipts; and
- (4) Authorize DLNR to establish rules for these purposes.

Your Committee received testimony in support of this measure, with various recommended changes, from DLNR, the Hawaii Conservation Association, Dive Makai Charters, TORCH, Jack's Diving Locker, the Kona Reefers, Boats/Hawaii Inc., and numerous Big Island residents.

Your Committee finds that current law requires commercial marine dealers to submit monthly reports of purchases and sales of aquatic life. DLNR has indicated, however, that it has had difficulty in identifying commercial marine dealers because they are not licensed. A license would identify these dealers to facilitate monitoring of aquatic life through the markets. The dealer reports could then also be used to verify the reported sales of the commercial fishers.

Your Committee has amended this measure by deleting all existing language and substituting the contents of S.B. No. 1599, S.D. 1, the Senate companion measure, which, among other things, increases the time that copies of marine life sales receipts must be kept on file from 6 months to 12 months, rather than from 6 months to 24 months, as in the House version.

Your Committee has further amended the substituted Senate language by:

- (1) Requiring that marine life sales receipts contain the number and species of all aquarium fish sold, regardless of weight. This amendment is in response to serious concerns regarding the lack of adequate control and monitoring of the export of the State's fragile reef fish and marine animal resources; and
- (2) Allowing, in addition to the duplicate copy of the sales receipt, documentation comparable to the duplicate copy to be presented to conservation officers upon demand.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1738, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1738, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Bunda, Kawamoto, Matsunaga, Solomon).

SCRep. 1486 Health and Environment on H.B. No. 1831

The purposes of this bill are to:

- (1) Allow the extension of the provisional admission to school for children who have not completed the immunization schedule in accordance with Department of Health (DOH) requirements;
- (2) Allow school aides to administer oral, topical, and other medication to students under certain circumstances;
- (3) Require all laboratories performing screening and diagnostic tests for the presence of HIV to use FDA-approved tests only; and
- (4) Eliminate the requirement that a complete roster of all exemptions from vaccination or immunization be kept and maintained in all DOH regional offices.

Your Committee heard testimony in favor of this bill submitted by Director of Health. The Hawaii Government Employees Association (HGEA) submitted testimony expressing concern regarding the specific situations in which school health aides should be permitted to administer medication. Both the Director and the HGEA recommended that medications needed for emergency situations should be added to the type of medications that can be administered by those aides. The HGEA also recommended that only pre-measured injectable medications like epinephrine to prevent anaphylactic shock should be included in the measure.

After considering the testimony and merits of this measure, your Committee adopted the recommendations of the Director and HGEA and amended this bill by adding pre-measured medications needed for emergency situations to those medications which can be administered by school health aides.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1831, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1831, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1487 Ways and Means on H.B. No. 364

The purpose of this bill is to extend the investment options of the State to include government-sponsored student loan securities, such as student loan auction rate securities, student loan asset-backed notes, and student loan program revenue notes and bonds.

Your Committee finds that these student loan securities, which are backed by bond insurance or collateral securities, including a guarantee of the underlying collateral by the United States Department of Education, meet all of the strict criteria that the State already has in place for short-term investments, including high credit quality and safety, high liquidity, competitive return rates, and low administration and transaction cost. Moreover, these student loan securities have the highest ratings by the major rating agencies and, as such, are assured of meeting the State's cash management objectives.

Your Committee agrees with the intent of this bill, and finds that it will provide the Director of Finance with an additional investment opportunity to enhance the State's investment earnings, an important consideration in light of declining state revenues.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 364, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Tanaka, Taniguchi).

SCRep. 1488 Ways and Means on H.B. No. 1854

The purpose of this bill is to extend the authorization to issue reimbursable general obligation bonds for the Hawaii Hurricane Relief Fund through fiscal year 1998-1999.

This bill also gives the State Supreme Court original and exclusive jurisdiction over any actual controversy or dispute concerning the applicability of article VII of the State Constitution to the financing of the Hawaii Hurricane Relief Fund and the hurricane reserve trust through the issuance of revenue bonds or reimbursable general obligation bonds.

Your Committee finds that extension of the authorization to issue general obligation bonds will ensure the integrity of the Hawaii Hurricane Relief Fund.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1854, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1489 Ways and Means on H.B. No. 1900

The purpose of this bill is to amend the insurance code relating to licensing requirements, procedures, and enforcement.

In particular, this bill:

- (1) Adds four new types of insurance licenses, and establishes fees for each;
- (2) Repeals the examination exemption for certain applicants for nonresident agent or broker licenses;

- (3) Establishes a mailing deadline for notice of appointment forms for general agents, subagents, and solicitors, and provides that appointment is to take effect upon actual receipt by the insurance commissioner if not timely mailed; and
- (4) Requires payment of licensee fees for the issuance of limited licenses and qualification for licenses for solicitors, nonresident agents or brokers, and adjusters.

Your Committee agrees with the intent of this bill, and finds that the bill will provide for greater efficiency in the administration of insurance laws by encouraging the diligent filing of forms and timely payment of licensing fees.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1900, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1490 Ways and Means on H.B. No. 2202

The purpose of this bill is to establish the position of a captive insurance administrator appointed by the Insurance Commissioner to assist in monitoring, regulating, and developing the captive insurance industry.

Additionally, this bill authorizes the Insurance Commissioner to create a captive insurance administrative fund from which the Commissioner may compensate the administrator, the administrator's staff examiners, administrative support personnel, and independent contract examiners. This measure also requires captive insurance company premium taxes, licensing fees, and examination fees to be deposited into the fund.

Your Committee finds that since the passage of the captive insurance law in 1987, Hawaii has become the premier captive domicile in the Pacific and the second largest captive domicile in the United States. The continued and successful growth of the captive insurance industry in this State requires oversight by specialists well versed in the nuances of captive insurance.

However, your Committee further finds that regulation is currently conducted by Insurance Division staff who must divide their time between captive insurance and the other pressing matters of the Division. Thus, your Committee supports the creation of an captive insurance administrator and staff able to devote full-time attention to captive insurance and understands that the position must be filled by a person well versed in captive insurance matters. It is the intent of your Committee that the administrator's expertise include a marketing background in the captive insurance industry.

Your Committee has amended this measure by changing the effective date from "upon approval" to July 1, 1997, in order to accommodate the fiscal year practices of these companies.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2202, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2202, H.D. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1491 Ways and Means on H.B. No. 931

The purpose of this bill is to provide funding for agricultural research and development to be performed by the Hawaii Agriculture Research Center, subject to certain matching requirements.

Your Committee finds that continued research in agriculture is critical to maintenance and continued expansion of the State's agricultural industry. The Hawaii Agriculture Research Center (formerly the Hawaiian Sugar Planters' Association) has performed this research function for the sugar industry for more than a century. The center is strategically situated to help increase commercial production not only of sugarcane, but also of diversified products such as coffee, papaya, and tree crops for forestry. Funding for the organization is provided primarily by the private sector, with the assistance of the State, thereby benefitting farm production and enhancing the local economy.

While it concurs with the intent of this measure, your Committee finds that further discussion is needed to determine the funding required to carry out the purposes of this bill. In this regard, your Committee has replaced the dollar amount currently indicated in this bill with a blank amount.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 931, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 931, H.D. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1492 Ways and Means on H.B. No. 1547

The purpose of this bill is to resurrect the interisland ferry service between Molokai and Maui.

Specifically, the bill provides for additional preferential consideration as an incentive for operating the interisland ferry service, including the issuance of a commercial operating permit and the waiver of applicable fees at Lahaina small boat harbor.

Your Committee finds that the residents of Molokai would realize significant economic benefits from an interisland ferry service that operates on a schedule convenient for workers and business persons traveling between islands. Your Committee notes that this measure provides for the cessation of all preferential consideration and waivers upon the termination of a vessel operator's interisland ferry service between Maui and Molokai, to ensure the actual provision of ferry service.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1547, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1493 Ways and Means on H.B. No. 1695

The purpose of this bill is to extend the maximum term of energy performance contracts from ten to fifteen years.

The bill also prohibits total payments on the contracts from exceeding total savings.

Furthermore, this measure expands the definition of "energy performance contracts" to include as items upon which the level of contract payments are made contingent, avoided maintenance and avoided energy equipment replacement, or a combination of both.

Your Committee finds that the foregoing changes are necessary to ensure that these contracts can achieve long-term efficiency and financial stability, and thereby promote their use by public agencies.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1695, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1494 Ways and Means on H.B. No. 1657

The purpose of this bill is to broaden the mission of the University of Hawaii College of Education beyond the training of teachers to meet the requirements of the State's public schools.

Specifically, this bill makes it the mission of the University of Hawaii College of Education to:

- (1) Prepare and provide ongoing professional development of teachers, administrators, counselors, and related professionals at undergraduate and graduate levels primarily to meet the needs of Hawaii schools;
- (2) Generate, synthesize, and apply knowledge in education and related fields through teaching, research, and other scholarly activities; and
- (3) Provide service and support to the local, national, and global educational and related communities.

Your Committee finds that the role and function of public schools has changed dramatically in the last decade. For example, public schools are now considered legitimate stakeholders in community affairs, and communities are now considered legitimate stakeholders in public school affairs. School-community relations are now as important as pedagogics--or the practice of education involving curriculum, teaching, and learning. As the role and function of public schools evolve to meet the changing expectations of communities, so too must the role and function of institutions that train teachers--such as the University of Hawaii College of Education--evolve to meet the changing needs of educators and the changing expectations of communities.

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

- (1) Allowing the University of Hawaii to employ or retain its own attorney, who shall not be required to be a deputy attorney general; and
- (2) Exempting all special funds of the University of Hawaii and community colleges, except the research corporation special fund established under section 307-9, Hawaii Revised Statutes, from assessments for central service and departmental administrative expenses.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1657, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1657, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 1 (Tanaka).

SCRep. 1495 Ways and Means on H.B. No. 1660

The purpose of this bill is to exempt from the procurement code those purchases by University of Hawaii departments and programs from University of Hawaii bookstores that are of goods and services routinely stocked and marketed, and not specially ordered.

Your Committee finds that such purchases of routinely stocked and marketed items, not specially ordered, do not trigger procurement code concerns. The issue of favored providers does not arise because by merely stocking their stores with routine items

the University bookstores are not competing with other providers to win a public contract. They are merely engaged in the usual trade of a bookstore, and are not making any special efforts to win over a particular client.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1660, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1496 Ways and Means on H.B. No. 1688

The purpose of this bill is to amend the law relating to the King Kamehameha Celebration Commission.

In particular, this bill:

- (1) Deletes specific references to private clubs and associations and inserts a general reference to all Hawaiian civic clubs and associations;
- (2) Allows the Commission to appoint and dismiss an arts program specialist and part-time clerk typist to serve without regard to the civil service and compensation laws, whose salaries are to be provided through fees, public contributions, and private donations;
- (3) Allows the Comptroller to raise funds to defray administrative costs, and requires all moneys received from all sources to be deposited into the Commission's trust account; and
- (4) Requires the Commission to provide an annual financial report to the Legislature.

Upon further consideration, your Committee has amended this bill by deleting its contents and adding the contents of Senate Bill No. 1418, S.D. 2. As amended, this bill appropriates an unspecified amount of funds for the operations, administration, and activities of the Commission for the 1997-1998 fiscal year.

Your Committee finds that while the Commission received state funding for the Commission's activities in the previous fiscal year (FY 1995-1996), the Commission has not received any state appropriations in the current fiscal year, apparently because of the administration's policy that the Commission should be self-supporting. Currently, therefore, the Commission is totally dependent on private contributions.

Your Committee finds that because of the significance of the tradition of commemorating the memory of King Kamehameha I to the people of Hawaii, and the importance of the work of the Commission in passing on the memory and legacy of King Kamehameha I to future generations, the State should provide a greater share of funding to ensure the permanence and survival of the Commission. Your Committee has accordingly further amended this bill by requiring annual appropriations to the Commission to be at least equal to the last fiscal year for which state moneys were appropriated to the Commission, plus additional amounts for new or expanded events or activities mandated by the Legislature.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1688, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1688, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1497 Ways and Means on H.B. No. 1773

The purpose of this bill is to appropriate and authorize funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for all collective bargaining cost items in the agreement negotiated during fiscal biennium 1995-1997 with the exclusive bargaining representative of collective bargaining unit 4.

This bill also appropriates and authorizes funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for salary increases and other cost adjustments negotiated during fiscal biennium 1995-1997 and authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees who are excluded from collective bargaining.

Your Committee has amended this bill by:

- (1) Changing the sums appropriated and authorized from zero dollars to \$1 in order to continue discussions on this matter; and
- (2) Appropriating and authorizing funds for fiscal bienniums 1995-1997 and 1997-1999, to pay for employee benefits negotiated during fiscal biennium 1995-1997 and authorized by chapter 89C, Hawaii Revised Statutes, for similarly categorized state officers and employees in the Office of Hawaiian Affairs who are excluded from collective bargaining.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1773, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1773, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1498 Ways and Means on H.B. No. 2032

The purpose of this bill is to establish a school-to-work opportunities system in Hawaii, including the mechanism for governance, management, and distribution of federal and state resources.

In particular, this bill also establishes the school-to-work opportunities executive council as the governing board for the system, to be placed within the Department of Education for administrative purposes. In addition, the bill gives the council certain powers, including the power to establish the general directions and policy for the Hawaii school-to-work opportunities system, appointing an executive director, approving expenditure plans, and engaging in activities as may be necessary to implement the functions of the School-to-Work Opportunities Act of 1994. Finally, the bill appropriates funds for fiscal years 1997-1998 and 1998-1999 for the school-to-work opportunities system, which may be used to establish positions to carry out the council's responsibilities relating to school-based learning, work-based learning, evaluation, and fiscal accounting and administration.

Your Committee agrees with the intent of this bill, and finds that it will help to facilitate efforts to restructure and reform education by developing new school curricula and workplace learning experiences to stimulate student learning, providing a sound foundation for continued education and training, and preparing a workforce that can meet the changing expectations of the economy. Your Committee further finds that Hawaii will receive a \$10,200,000 federal grant over a five-year period as seed money to help build the new system.

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

- (1) Specifying that the school-to-work opportunities program established by the bill is a pilot project;
- (2) Replacing the sums appropriated with blank amounts to facilitate further discussion on the funding necessary to carry out the purposes of this bill; and
- (3) Making technical, nonsubstantive changes for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2032, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2032, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Tanaka).

SCRep. 1499 Ways and Means on H.B. No. 2234

The purpose of this bill is to prohibit the Governor and the Director of Finance from reducing any budget request or allotment to the University of Hawaii below amounts appropriated by the Legislature unless the University requests such a reduction.

Your Committee agrees with the intent of this bill, and finds that the bill provides sufficient flexibility and fiscal autonomy to the University to enable the University to more directly determine how revenues are to be expended. Providing the University of Hawaii with greater flexibility and control over its budget will help the University to maintain an appropriate balance between maintaining the University's fiscal autonomy while providing equal access to students who may require financial assistance in order to obtain a college education.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2234, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1500 Ways and Means on H.B. No. 167

The purpose of this bill is to establish a traumatic brain injury program and advisory board within the Department of Health.

Your Committee finds that traumatic brain injury has become the number one killer and cause of disability of young people in the United States. Traumatic brain injury, which is caused primarily by motor vehicle and sports accidents, falls, and increased violence, can cause significant impairment to a person's physical, psychological, and cognitive functional abilities.

Your Committee agrees with the intent of this bill, which allows the Department of Health to develop a statewide, coordinated, multidisciplinary program to improve access to health and other services regarding traumatic brain injury. In addition, the program is to increase public education and awareness of traumatic brain injury and encourage public participation in programs assisting persons with traumatic brain injury, as well as encourage public-private sector projects and partnerships concerning traumatic brain injury. The establishment of this program will allow the State to qualify for federal matching funding to address this critical health problem.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 167, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1501 Ways and Means on H.B. No. 1250

The purpose of this bill is to reduce environmental risks posed by leaks of oil and hazardous materials from pipelines by monitoring pipeline safety under the auspices of the Hawaii State Emergency Response Commission.

Specifically, this bill requires the Hawaii State Emergency Response Commission to: (1) monitor pipeline safety activities in the State; (2) monitor the "pipeline safe operations coordinating committee"; and (3) submit reports of its findings to the Legislature on an annual basis.

Your Committee finds that recent releases of hazardous substances from pipelines in the State has brought the issue of pipeline safety to the forefront of public concern. Creating a mechanism to ensure legislative accountability is one method of ensuring an ongoing commitment by the regulated community to resolve the type of problems that brought about these earlier releases.

Your Committee has amended this bill by deleting the reference made to the "pipeline safe operations coordinating committee" to avoid confusion as it does not currently exist in statute.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1250, H.D. 3, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1250, H.D. 3, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Tanaka).

SCRep. 1502 Ways and Means on H.B. No. 1292

The purpose of this bill is to enact a state Endangered Species Recovery law and amend existing laws to more closely parallel the federal law.

The bill also provides additional incentives for private landowners to recover and protect endangered species on their lands.

Your Committee finds that because of the State's geographic isolation, most of Hawaii's native plants and animals are found nowhere else in the world. Unfortunately, nearly seventy-five per cent of the extinct species listed in the United States are from Hawaii, and nearly forty per cent of the endangered plants and birds in the United States are Hawaiian species. More than two hundred species were listed as endangered by the federal government during the period from 1991 to 1995. This dramatic increase in listing of species reflects a very real crisis in the survival of Hawaii's unique plants and animals.

Your Committee finds that it is imperative that public and private landowners to work cooperatively to ensure the perpetuation of Hawaii's indigenous aquatic life, wildlife, land plants, and their habitats. Greater voluntary involvement of the private sector could be achieved by providing positive incentives for landowners to take actions to protect and conserve endangered species and their habitats.

This bill provides various incentives and establishes the mechanism to enable state agencies to cooperate with the federal government, county agencies, private organizations, and private landowners to promote the conservation and recovery of endangered species and their habitats.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1292, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1503 Ways and Means on H.B. No. 1829

The purpose of this bill is to create a domestic violence special fund and a vital statistics improvement special fund.

Additionally, this bill also readjusts the amount of fees collected for copies issued of vital statistics certificates, and broadens the range of accounts into which the fees are deposited.

Your Committee has amended this bill by deleting its contents entirely and replacing it with the contents of S.B. No. 1572, S.D. 2. Specifically, the measure as amended, deletes the creation of a domestic violence special fund, and distributes certificate fees into the new vital statistics improvement special fund and the two existing spouse and child abuse special accounts.

The bill as amended also authorizes the Department of Health to raise vital statistics certificate fees by up to ten per cent a year without regard to the Administrative Procedure Act, requires the Department of Human Services, the Department of Health, and the Judiciary to jointly determine expenditures from the two spouse and child abuse special accounts, and appropriates funds to the Department of Health.

As amended, this bill will provide the vital statistics improvement special fund and the two existing spouse and child abuse special funds with a reliable source of funding as well as coordinate and rationalize how the moneys from the latter two funds are expended.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1829, H.D. 3, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1829, H.D. 3, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1504 Ways and Means on H.B. No. 1837

The purpose of this bill is to create a mechanism for funding the activities of local emergency planning committees that develop emergency response plans to respond to hazardous material incidents that may occur in their districts pursuant to the Hawaii Emergency Planning and Community Right-to-Know Act.

Specifically, this bill:

- (1) Requires moneys in the environmental response revolving fund to be expended by the Department of Health for preparedness, in addition to response actions;
- (2) Requires the Department of Health to establish a local emergency response planning committees account within the environmental response revolving fund;
- (3) Requires all moneys to meet the expenses of the emergency planning and community right-to-know program to be appropriated out of the environmental response revolving fund and the state general fund;
- (4) Limits appropriations from the environmental response revolving fund to the amount of moneys collected from the filing fees that accompany each submission of chemical inventory and Tier II reporting forms;
- (5) Changes the filing fee that must accompany each submission of chemical inventory and Tier II reporting forms from \$100 to an as yet unspecified amount; and
- (6) Requires all filing fees submitted with these chemical inventory and Tier II reporting forms to be deposited into the environmental response revolving fund, rather than the state general fund.

Your Committee finds that the activities of local emergency planning committees have become very important in recent years because of increasing urban encroachment on industrial lands, and the mixing of seemingly incompatible residential and industrial land uses. The lack of adequate buffer zones places adults, children, and elderly individuals at risk of accidental exposure to hazardous materials. The Hawaii Emergency Planning and Community Right-to-Know Act and the local emergency planning committees are the public's first and best line of defense against accidental exposure to hazardous materials, such as the release of poisonous methyl isocyanate gas from Union Carbide's pesticide plant in Bhopal, India, which killed 2,500 persons and injured more than 50,000 others in the early hours of the morning on December 3, 1984.

Your Committee has amended this bill by:

- (1) Requiring all moneys to meet the expenses of the emergency planning and community right-to-know program to be appropriated solely out of the environmental response revolving fund;
- (2) Deleting the provision limiting appropriations from the environmental response revolving fund to the amount of moneys collected from the filing fees for chemical inventory and Tier II reporting forms;
- (3) Deleting the provision changing the filing fee for chemical inventory and Tier II reporting forms from \$100 to an unspecified amount; and
- (4) Making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1837, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1837, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 9. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 1505 Ways and Means on H.B. No. 1984

The purpose of this bill is to appropriate funds to provide treatment to teens who are dependent on drugs, in a family-like setting.

Your Committee finds that drug and alcohol use among adolescents continues to rise and constitutes a major social problem involving health and public safety issues. Your Committee notes that a 1993 Department of Education Student Use Survey indicated that there were approximately eleven thousand students identifying themselves as serious substance abusers. Your Committee finds there is a serious need to continue and expand existing drug and alcohol treatment services for adolescents.

Upon careful consideration, your Committee has amended this bill by changing the amount appropriated to an unspecified amount to facilitate continuing discussion on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1984, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1984, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1506 Ways and Means on H.B. No. 2019

The purpose of this bill is to appropriate \$100,000 out of the environmental management special fund to the Department of Health for fiscal year 1997-1998 to review, revise, and update the state integrated solid waste management plan.

In addition, this bill:

- (1) Amends the definition of "inert fill material" to:
 - (A) Exclude material that is more than eight inches in diameter or that contains exposed steel reinforcing rods; and
 - (B) Exclude material that contains any vegetative or organic matter, or other solid waste; and
- (2) Amends the definition of "solid waste" to exclude "inert fill material";

for the purposes of the solid waste pollution law, chapter 342H, Hawaii Revised Statutes.

Your Committee has amended this bill by adding the substance of S.B. No. 1773, S.D. 2, which extends the period of applicability of the one and one-half cent advance disposal fee currently imposed on each tempered glass container imported into the State until December 31, 1997 (rather than September 1, 1996), and will raise the fee to two cents per container effective January 1, 1998. After January 1, 1998, existing law provides for the disposal fee to be set by the Legislature at a rate that permits funding of county glass recovery programs as needed to achieve already specified glass recovery program goals.

Your Committee finds that the current advance disposal fee program, which assesses fees on glass containers at the point of entry into the State, is an efficient and cost-effective program aimed at glass recovery. This program is superior to glass container deposit and refund programs, the cost of which would far exceed the current system and which would be highly labor intensive, space costly, and fuel wasteful, and would create sanitation problems for grocery stores and other collection sites.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2019, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2019, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 9. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 1507 Ways and Means on H.B. No. 120

The purpose of this bill is to extend the sunset date for the demonstration project at Maluhia Hospital known as the Program for All-inclusive Care for the Elderly--or PACE, from June 30, 1997, to June 30, 2002.

In addition, this bill requires the PACE demonstration project to submit a program description and financial and management report to the Legislature for each of the fiscal years extending from July 1, 1997, to June 30, 2002, and describes the specific content of these reports.

Your Committee finds that the chronically ill and disabled elderly are often in need of a variety of long-term care services including medical, rehabilitation therapy, psycho-social, transportation, meal, personal care, and grooming services. The frail elderly and their families are often caught in a labyrinth of application forms, endless phone calls, and inquiries to obtain appropriate services that can meet the different health and social needs of the frail elderly. The outcome of such a fragmented long-term care system and limited scope of services is that the frail individual usually must make do with what can be obtained in the community or must be prematurely institutionalized. Both the State as well as families find this to be not only costly and inadequate, but also undesirable.

Your Committee finds that the PACE demonstration project provides a complete package of services that enhances the quality of life for the program's elderly participants. The demonstration project addresses the problems of fragmented and costly long-term care by meeting the needs of Hawaii's families who are struggling to maintain frail elderly individuals in their own homes to avoid institutionalization. The project costs less than what Medicare, Medicaid, and private individuals currently pay for long-term care. The continuation of PACE will allow evaluators to determine the viability of this cost-effective statewide program for offering quality, community-based long-term care.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 120, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 9. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 1508 Ways and Means on H.B. No. 147

The purpose of this bill is to establish a joint legislative committee to develop a sound financial plan to address the current and future long-term care needs of the people of Hawaii.

In addition, this bill:

- (1) Requires the joint legislative committee to consist of eight legislators--four appointed by the President of the Senate and four appointed by the Speaker of the House of Representatives;
- (2) Appropriates and allocates an as yet unspecified sum for fiscal year 1997-1998 for expenses related to the joint legislative committee; and
- (3) Requires the joint legislative committee to submit a report of its findings and recommendations to the Legislature by December 1, 1998.

Your Committee finds that persons sixty years of age and elder presently account for almost one-fifth of the adult population in the State. By the year 2020, they will constitute more than one-fourth of Hawaii's adult population. Nearly one-third of this segment alone is expected to have functional disabilities. Although families have expressed a preference for home and community-based care, existing supplies of these services and nursing home beds are already below required levels. Even if additional services and beds are developed, however, many families would not be able to afford long-term care under existing conditions.

Your Committee also finds that the State cannot continue to fund the long-term care "safety net" of Medicaid, which will cost the State more than \$192,000,000 in fiscal year 1996-1997, at its current rate of increase. Although state government must play a major role in establishing a long-term care financial plan for long-term care, the citizens of this State must take a more active role in funding the cost of long-term care through a joint financing program. The development of a sound financial plan and joint funding program to address current and future long-term care needs is no different than planning for one's retirement.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 147, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1509 Ways and Means on H.B. No. 1619

The purpose of this bill is to require that all assets and income of state and county deferred compensation plans be held in trust for the exclusive benefit of participants and their beneficiaries.

Current law provides that assets of these plans are unrestricted assets of the respective state or county jurisdiction. Your Committee finds that a deferred compensation plan imposes a trust responsibility upon the employer that is not best served by making those funds an unrestricted asset of the employer. By specifying that the assets are to be used solely for the benefit of participants and their beneficiaries, the trust obligation of the state and county employers are upheld, and the State and counties will conform their practices to the requirements of the Internal Revenue Code.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1619, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1510 Ways and Means on H.B. No. 1624

The purpose of this bill is to establish a boiler and elevator safety revolving fund and to specify the time period between periodic inspections.

Specifically, this bill establishes the revolving fund into which fees for inspection services and funds from other sources are deposited for use by the Department of Labor and Industrial Relations in providing safety inspections of boilers, pressure systems, or elevators and kindred equipment. Creating a revolving fund to pay for the direct costs of boiler and elevator inspections would move the program toward self-sufficiency.

The inspection program will provide the public with greater reassurances that the above-mentioned equipment is in proper working order and safe for use.

Your Committee finds that past records indicate that the revolving fund inspection program should be completely self-sufficient and should not require the additional disbursement of general funds by the Legislature. Therefore, your Committee has amended this bill by removing the reference to general fund appropriations, providing the possibility of appropriations from other sources when needed.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1624, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1624, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1511 Ways and Means on H.B. No. 1706

The purpose of this bill is grant a temporary moratorium on employer assessments for the employment and training fund and to encourage the use of arbitration in labor disputes.

Specifically, this bill allows funds to be dispersed from the employment and training fund for programs that encourage employees and employers to submit their labor disputes to arbitration. Additionally, this measure conditions the disqualifications for unemployment benefits due to a labor dispute upon the bona fide offer to binding arbitration to resolve the dispute. Finally, this bill grants a two-year moratorium from July 1, 1997 to June 30, 1999 on employer assessments to the employment and training fund.

While your Committee believes that arbitration in labor disputes is a preferred method of resolution and can be a more beneficial way to resolve differences in a working relationship than through litigation, your Committee has found it necessary to amend this bill by removing the provisions relating to arbitration because these issues are beyond the scope of the bill's title.

Your Committee finds, however, that the moratorium on the assessments for the employment and training fund will give employers immediate economic relief. Your Committee has also amended the bill to clarify that it is the state Department of Labor and Industrial Relations that is required to report to the Legislature on whether the moratorium should continue after June 30, 1999.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1706, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1706, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 4 (Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1512 Ways and Means on H.B. No. 1716

The purpose of this bill is to allow the State to retain the balance of financial assistance benefits in an electronic benefits transfer account if the client dies without any surviving beneficiary family member or if the financial assistance account is deemed abandoned.

Additionally, this bill defines "financial assistance benefits".

Your Committee finds that unclaimed property is a source of government waste that can be readily corrected through proper statutory authorization of the type implemented in this measure. This measure will promote efficiency and cost-effectiveness within human services programs.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1716, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1513 Ways and Means on H.B. No. 1724

The purpose of this bill is to strengthen the State's ability to recover medical assistance payments.

Specifically, this bill allows the Department of Human Services to agree with a provider or medical care insurer for the provision of medical care services or medical assistance for the State to be the exclusive entity authorized to recover all costs of medical assistance rendered to a claimant. The bill also defines the term "costs of medical assistance."

Your Committee finds that this bill is necessary to clarify existing law to allow the State to recover medical assistance payments associated with prepaid health plans or managed health care plans.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1724, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1514 Ways and Means on H.B. No. 108

The purpose of this bill is to require the registration of sex offenders and public access to registration information.

This bill also repeals the existing law requiring the registration of sex offenders and enacts a new provision requiring the DNA testing of persons convicted of sex crimes against minors.

Your Committee agrees with the findings in section 1 of the bill that sexual offenses, particularly those involving the use of physical violence, violence against children, and repeat sexual offenses, present an extreme threat to the public. The impact of these offenses can be lifelong, causing severe emotional, mental, and physical problems that dramatically reduce the quality of a victim's life and incur tremendous societal costs. Moreover, due to the nature of the crime and the often brutal reporting process, victims frequently do not report sexual assaults against them.

Your Committee agrees with the intent of this bill, and finds that the bill strikes an appropriate balance between comprehensive public access to information regarding sex offenders, and the avoidance of publishing potentially misleading information that could hurt innocent people. Your Committee further finds that this bill, which adopts more stringent registration requirements for sex offenders and ensures public access to relevant information regarding the presence of sex offenders in Hawaii's communities, is necessary to ensure that federal funds for law enforcement agencies are not lost and to ensure the protection and safety of Hawaii's residents.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 108, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1515 Ways and Means on H.B. No. 1582

The purpose of this bill is to appropriate money from the general fund to satisfy judgments against the State and settlements of claims.

Your Committee finds that there are a total of twenty-eight claims with a total value of \$2,724,987.56 for which appropriations are required. The claims reflect a variety of actions involving several different agencies or departments of the State.

Your Committee finds that these claims draw much needed funds away from other state programs. For this reason, your Committee hereby intends that all state agencies be placed on notice that when appropriations are made for future claims, a percentage of the award made will be assessed against the affected agency.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1582, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1516 Ways and Means on H.B. No. 1613

The purpose of this bill is to make an emergency appropriation of \$2,100,000 to the Department of the Attorney General for fiscal year 1996-1997 to complete the development, installation, and implementation of an automated child support enforcement system--also known as the KEIKI project.

This bill is being recommended by the Governor for immediate passage in accordance with article VII, section 9, of the Constitution of the State of Hawaii.

Your Committee finds that by September 30, 1997, the Child Support Enforcement Agency must have an automated child support enforcement system meeting federal specifications. Failure to meet this federal deadline exposes the State to financial penalties and loss of federal funding. Up until September 30, 1997, the State qualifies for ninety per cent federal funding of the new system. For work performed after that deadline, the State's share increases from ten per cent to thirty-four per cent, which means the State has to spend twenty-four per cent more.

Your Committee has amended this bill by changing the appropriation to an unspecified amount.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1613, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1613, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1517 Ways and Means on H.B. No. 417

The purpose of this bill is to ensure funding for the Hawaii statewide trail and access program (Na Ala Hele).

In particular, this bill utilizes a proportional share of fuel tax revenue, user fees, and private funding sources to be deposited into the special land and development fund. Funding through the fuel tax would be limited to \$250,000 per fiscal year. This bill further appropriates \$1 for the program, to be expended by the Department of Land and Natural Resources.

Your Committee finds that funding for the Na Ala Hele program, which includes trail restoration, new trail development, and maintenance of existing trails, is through nonpermanent and fluctuating legislative appropriations and federal grants. However, your Committee finds that the program has not been funded at appropriate and consistent levels due to current budgetary restrictions. Although the demand for multi-use trails is increasing, public trails may have to close due to insufficient funding.

Your Committee finds that the continued success of this program requires a stable funding base for proper maintenance of these trails and accesses to ensure public safety. Providing funding from the fuel tax for the Na Ala Hele program will allow the Department to rely on a continuous source of funding, thereby allowing for appropriate levels of management, maintenance, and development of trails and trail accesses under the jurisdiction of the Department.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 417, H.D. 3, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1518 Ways and Means on H.B. No. 1640

The purpose of this bill is to clarify provisions of the general excise tax for certain businesses to foster compliance and deter abuse.

Specifically, the bill clarifies the imposition of the tax on consignment sales within the State, removes language deeming certain persons to be sellers of property, extends the anti-abuse provisions of the law to include intangible property and services, allows taxpayers to petition the Department of Taxation to utilize an alternate method to effectuate an equitable allocation and apportionment of gross income, and includes imputed interest as one of the allowable exemptions for transactions between related entities.

In light of the severely lowered revenue projections recently issued by the Council on Revenues, however, your Committee believes it imperative that the Legislature change the focus of tax measures enacted this year from relatively technical measures that fine tune existing tax laws to measures designed to stimulate the economy.

Your Committee has therefore deleted the contents of this bill in its entirety and substituted the contents of Senate Bill Nos. 147, S.D. 1; 498, S.D. 1; 635, S.D. 2; 932, S.D. 1; 68, S.D. 1; and 1951 all of which have previously been heard and approved by your Committee.

As amended, this bill is an economic stimulus that is designed to accomplish this goal by providing economic opportunities for businesses in Hawaii. As amended, this bill now alleviates the pyramiding of the general excise tax for real property lease transactions, grants exemptions from the general excise tax for new business activity for a period between one and four taxable years, allows certain businesses to defer payment of general excise taxes, provides a deduction from the general excise tax for wholesale services that is phased in through calendar year 2004, provides a temporary exemption for school fundraisers from the general excise tax that raise funds to purchase educational equipment, programs, and supplies, and makes permanent the general excise tax exemption for a stock exchange or securities trading facility in Hawaii.

The first part of this bill acts to mitigate the pyramiding aspect of the current real property leasing situation in Hawaii. Currently, the ultimate lessee of a real property parcel could end up paying the equivalent of twelve per cent if the lease has two sublessors in the chain between the lessor and the ultimate lessee. This four tier (lessor, sublessor, sublessor, lessee) real property leasing situation is not uncommon. This part of the bill will allow a lessee who sublets real property to deduct the amount paid to the lessor from the gross proceeds received from the sublease of the property that is subject to the general excise tax. The bill, in effect, prevents certain lease revenues from being taxed more than once. This reduction in the amount of general excise taxes due on subleases will encourage economic activity by making lease arrangements more affordable and by putting more resources in taxpayers' pockets who will use those resources to provide economic growth in other areas of the economy.

Part two of this bill is designed to generate new economic activity by providing an exemption from the general excise tax to new businesses. The exemption is based on the amount of capital that is invested in the new business. Businesses with \$1,000,000 or more are exempt for the first taxable year, \$2,500,000 for two years, \$5,000,000 for three years and investing \$10,000,000 or more extends the exemption to the first four taxable years. Your Committee finds that this measure will help to stimulate one of the traditionally weak aspects of Hawaii's economy -- capital formation.

Part three of this bill provides specific economic assistance to small businesses still adversely affected by Hurricane Iniki, businesses that have been economically dislocated due to industrial downsizing, or counties with an unemployment rate of ten per cent or higher. This part of the bill allows these businesses to defer any general excise taxes due for eighteen months. In the second eighteen-month period only the taxes due in the first eighteen-month period are payable. During the third eighteen-month period all taxes from the second and third periods are due as required by law. Your Committee finds that the need for tax relief is particularly crucial to these businesses whose survival is critical to the economic recovery of a significant portion of the State.

The pyramiding of the general excise tax on wholesale services is the substance of part four of this bill. This part phases in a reduction from the gross proceeds of sales subject to the general excise tax for the cost of wholesale services. The allowable deduction, beginning in 1998, is one-eighth of the costs of the wholesale services and increases by an eighth each year until 2004, when the allowable deduction remains at seven-eighths of the costs of wholesale services. Additionally, this part clarifies the definition of "service". This method of providing a deduction from gross proceeds for certain wholesale costs effectively handles the pyramiding of general excise tax within the service industry, while at the same time considers the immediate revenue requirements of the State.

Part five of this bill exempts amounts raised by school fundraisers that raise funds to purchase educational equipment, programs, and supplies from the general excise tax. The fundraising projects of the school support groups help individual schools overcome the shortfalls of the educational budgets. The superintendent is required to report to the Legislature every two years regarding the amounts that have been contributed and therefore exempt under this provision. This will give the Legislature an opportunity to evaluate and review the effects of this exemption before it is repealed on June 30, 2002.

Finally, part six of this bill repeals the sunset date for, thereby making permanent the general excise tax exemption allowed for a stock exchange or a securities trading facility in Hawaii. This exemption was established to provide an incentive for established stock or commodities exchanges to set up trading and order processing facilities to take advantage of time differences between the mainland United States and the Asian markets. Although this exemption has yet to be used, your Committee finds that supporting this type of economic development activity is still both desirable and viable. Your Committee finds that this permanent exemption is further enticement for stock exchange companies to locate in Hawaii.

Your Committee finds that all the provisions in this bill will contribute to the improvement of the State's economy, an issue whose importance cannot be underrated, and for which the Legislature cannot delay support any longer.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1640, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1640, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Tam).

SCRep. 1519 Ways and Means on H.B. No. 1804

The purpose of this bill is to establish a repair and maintenance special fund for the deposit of one-half of one per cent of general obligation bond appropriations to pay for the repair and maintenance of existing state facilities.

This bill also reduces the proportion of general obligation bond appropriations dedicated to the works of art special fund from one per cent to one-half of one per cent.

Your Committee received testimony in support of this bill from the state Judiciary. The Department of Accounting and General Services supported the concept of the bill but recommended that the original one per cent construction cost allocation be restored for deposit into the repair and maintenance special fund. The State Foundation on Culture and the Arts, the Honolulu Academy of Arts,

the Honolulu Symphony, the Honolulu Theatre for Youth, the Waikiki Contemporary Art Gallery, Inc., the Hawaii Alliance for Arts Education, the Hawaii Consortium for the Arts, and six individuals submitted testimony in opposition to this bill. The Department of Budget and Finance and the Tax Foundation of Hawaii submitted comments.

Your Committee finds that current funding levels for the repair and maintenance of state buildings and facilities fall far below the funding levels recommended by organizations such as the American Public Works Association. A dedicated funding source for construction, repair, and maintenance expenses will ensure the availability of moneys to keep the buildings of the State in compliance with applicable building and safety standards.

Your Committee has amended this bill by:

- (1) Earmarking one per cent rather than one-half of one per cent of all general obligation bond appropriations for deposit into the repair and maintenance special fund; and
- (2) Deleting the section of the bill proposing to reduce the general obligation bond appropriation allotment to the works of art special fund from one per cent to one-half of one per cent.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1804, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1804, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1520 Ways and Means on H.B. No. 1650

The purpose of this bill is to replace the food tax credit against the income tax liability with an excise tax credit to resident taxpayers based on a tax credit schedule.

This bill provides an excise tax credit that starts at \$220 for taxpayers with adjusted gross incomes under \$6,000 and phases out to \$0 for taxpayers with incomes greater than \$30,000.

Your Committee received favorable testimony on this bill from the Department of Taxation and the Department of Human Services. Testimony in opposition was received by one individual, and the Tax Foundation of Hawaii provided informational testimony.

Your Committee has amended this bill by removing all of its contents and replacing them with the contents of S.B. No. 722, S.D. 1; S.B. No. 843, S.D. 1; and S.B. No. 1018, S.D. 1, all of which have been previously heard and approved by your Committee.

This bill as amended provides two new income tax credits and extends the solar energy credit for ten years. The residential electronic burglar alarm tax credit and the small business tax credit are the two new established income tax credits. The residential electronic burglar alarm credit allows a taxpayer to claim a tax credit of an as yet unspecified amount if the taxpayer purchases and installs an electronic burglar alarm in their residence.

The second income tax credit established in this bill allows small businesses to deduct from their income tax liability the amount of the guarantee fee required by the United States Small Business Administration when obtaining a small business loan. The credit may be carried over to subsequent tax years until exhausted.

Finally, this bill extends to January 1, 2009, the various energy conservation credits in section 235-12, Hawaii Revised Statutes, which was to expire on January 1, 1999. Additionally, the allowable amount of the credit for solar energy systems in single-family houses, multiunit residential buildings, and commercial buildings has been increased from thirty per cent of costs to fifty per cent of costs. The credit limits are increased for single-family homes to an amount not to exceed \$2500, and for multiunit residential buildings to an amount not to exceed \$500 per building unit.

Your Committee finds that these income tax credits will assist taxpayers in accomplishing tasks that will serve to protect the taxpayers, assist in recharging the economy, and protect the environment.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1650, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1650, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Tam).

SCRep. 1521 Human Resources on H.B. No. 1623

The purpose of this bill is to clarify the procedural requirements for administrative appeals in unemployment compensation cases.

Your Committee received testimony in support of this administration bill from the Department of Labor and Industrial Relations.

Your Committee has amended this bill by:

- (1) Inserting provisions to clarify that in a labor dispute context (i.e. strikes or lockouts), the work stoppage test shall not be applicable where a bona fide offer of binding arbitration has been tendered by employees through their exclusive bargaining representative; where no such offer of binding arbitration has been made, the work stoppage test continues to apply for weeks of unemployment.

- (2) Requiring that a second written notice be sent by certified mail if the claimant does not receive the first; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1623, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1623, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Sakamoto, Anderson).

SCRep. 1522 Commerce, Consumer Protection, and Information Technology on H.B. No. 65

The purpose of this bill is to allow pawnbrokers to take fingerprints of a customer who does not have verification of identity, and retain the fingerprints on file.

Your Committee received comments on this measure from the Hawaii Pawnbrokers & Secondhand Dealers Association.

Your Committee finds that this bill would provide pawnbrokers with some flexibility in determining identification, while keeping appropriate safeguards in place.

Your Committee has heard a number of concerns by both the industry and the police regarding the intent of this measure, particularly in regards to the bill's stated purpose to deter sales and pledges of stolen property. In addition, there was considerable discussion concerning the technology available to pawnbrokers for the purposes of identification, and the readiness with which the police departments can use differing forms of identification.

Your Committee notes that the police would prefer to have fingerprints as a form of identification, but there is a reluctance by some pawnbrokers to ask customers to provide fingerprints.

Your Committee supports the intent of this measure and believes it is important to encourage the continuing cooperation between the pawnbrokers and police departments. Your Committee has amended this bill to require the pawnbroker to take either a photo or fingerprints, in addition to the already required verification.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 65, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 65, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1523 Commerce, Consumer Protection, and Information Technology on H.B. No. 582

The purpose of this bill is to prohibit no rules combat contests and the broadcast of such matches, and to provide for penalties for violations.

Your Committee received testimony in support of this measure from the Hawaii State Commission on the Status of Women, the Hawaii Medical Association, and the Hawaii Catholic Conference. The Hawaii State Boxing Commission, SEG Sports Corp., Future Fight Productions, and three individuals submitted testimony in opposition. The Department of the Attorney General (AG), the Department of Commerce and Consumer Affairs (DCCA), and John McCain, U.S. Senate, submitted comments.

Your Committee finds there is extensive research that demonstrates violence viewed in person or on television has a detrimental effect on both individuals and the community. Your Committee is particularly concerned about the effects of no rules combat and similar contests on children and believes it is appropriate and necessary to prohibit these exhibitions in Hawaii.

Your Committee has gathered considerable information on this issue, including the way other states handle such contests. Your Committee finds that twelve states have some form of outright ban, and two more heavily regulate similar forms of fighting.

Your Committee has taken other state legislation, as well as additional information, into consideration, and has amended this bill to:

- (1) Expand the purpose section;
- (2) Expand the forms of combative contests to include no rules combat, extreme or ultimate fighting, or similar contests;
- (3) Ban the holding of, as well as the promotion of or participation in such contests;
- (4) Impose a fine of up to \$10,000 per violation, to be levied and collected by DCCA, provided that violations by promoters will result in the promoter being prohibited from doing business in Hawaii for three years; and
- (5) Make the Act effective July 1, 1997.

Your Committee notes the concern raised by the AG on an unspecified draft of the bill regarding possible first amendment problems.

Your Committee would also like to point out that the AG's concerns regarding the imposition of criminal penalties and their enforcement is irrelevant, as the bill is clearly imposing a civil fine.

Your Committee understands this measure, as amended, may appear to be onerous, but believes the violence inherent in these combative forms of fighting merits such action.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 582, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 582, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1524 Commerce, Consumer Protection, and Information Technology on H.B. No. 777

The purpose of this bill is to establish provisions that regulate planned community associations in a similar manner as condominium property regimes and provides for recovery of attorneys' fees and costs.

Your Committee received written testimony in support of this measure from the Real Estate Commission, the Housing Finance and Development Corporation, Community Associations Institute Hawaii Chapter, and the Land Use Research Foundation of Hawaii, all with amendments.

Your Committee previously held a public hearing on S.B.No. 681 that is a companion to this measure.

Your Committee supports the intent of this measure, which is to provide consistency among planned community associations as well as a basic framework and owner rights for self governance.

Your Committee has considered the amendments suggested by the various parties and considers them well taken. Accordingly, your Committee has amended this bill to:

- (1) Provide some additional protection to the master developer or declarant in § -2, and § -3;
- (2) Clarify the conflict of interest provisions for directors in § -5;
- (3) Use good faith efforts in keeping membership lists in § -8;
- (4) Provide guidance for the first annual meeting of an association in a new section, § -14;
- (5) Amend section 607-14, Hawaii Revised Statutes, to clarify recovery of attorneys' fees; and
- (6) Make technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 777, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 777, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1525 Commerce, Consumer Protection, and Information Technology on H.B. No. 1049

The purpose of this bill is to provide the police with more time to track stolen property and increase the likelihood of recovery by changing the minimum time for retention of items by a dealer from ten working days to thirty calendar days.

Your Committee received testimony in support of this measure from the Honolulu Police Department. One individual submitted comments.

Your Committee finds that a minimum retention period of ten working days is often insufficient time for the police to identify stolen property. This is particularly relevant for the Honolulu area, where there are at least four dozen pawnbrokers advertising their services and possibly more, and the police department often finds the property is sold before it can be identified and returned to its rightful owner.

Your Committee notes, however, that the number of pawnshops on the neighbor islands is considerably less, approximately half a dozen on Maui for instance, and increasing the holding period for these areas may not be necessary.

Your Committee has also heard H.B. No. 2120, H.D. 1, S.D. 1, which concerns records of transactions and the use of computers to transmit these transactions.

In the discussion of these two measures, your Committee heard considerable interest expressed by both industry representatives and the police, in encouraging the use of computerized record-keeping and transmittals by pawnbrokers.

Your Committee believes in order to promote such computerization, some incentives are in order. Your Committee has amended this bill to:

- (1) Incorporate the contents of H.B. No. 2120, H.D. 1, S.D. 1, and amend section 486M-2, Hawaii Revised Statutes (HRS), to allow the chief of police of each county to determine a format for, and allow transaction records to be transmitted by modem or fax, in addition to the current pick up or mail, provided that the method of submittal is at the option of the dealer;
- (2) Amend section 486M-4, HRS, to change the holding period to fifteen calendar days in counties with a population of less than 300,000, and thirty calendar days in counties with a population of 300,000 or more; and
- (3) Allow the police of each county to reduce the holding period to fifteen calendar days, provided that the dealer has computerized record-keeping and transmittal capabilities acceptable to the police.

Your Committee believes these amendments strike a balance between the needs of the parties, take into account the differing needs of the neighbor islands, and provide some incentive for computerization of records by pawnbrokers.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1049, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1049, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1526 Commerce, Consumer Protection, and Information Technology on H.B. No. 1196

The purpose of this bill is to set specific deadlines to the negotiations of a purchased power contract between a qualifying facility and the utility; and to set a deadline for a public utilities commission (PUC) decision on a contested purchased power contract.

Your Committee received written testimony in support of this measure from the Consumer Advocate and Waimana Enterprises, Inc. and Kawaihae Cogeneration Partners, with amendments. The PUC and Hawaii Electric Company, Inc. submitted testimony in opposition. TelHawaii, Inc. submitted comments.

Your Committee previously held a public hearing on S.B.No. 1692 that is a companion to this measure.

Your Committee finds that the slow pace at which some of Hawaii's utilities negotiate contracts for the purchase of power from qualifying facilities is a persistent regulatory problem, and a source of considerable frustration for both the industry and the PUC. In addition, such delays are costly to the general public and to the affected districts and electrical power consumers in particular.

Your Committee has heard a number of concerns from both the industry and government agencies regarding the bill as written, and believes these comments are well taken.

Your Committee has amended this bill to:

- (1) Clarify that the purpose of the bill is to provide guidance to the PUC regarding negotiations between public utilities and qualifying facilities;
- (2) Delete the amendments to section 269-27.5, Hawaii Revised Statutes (HRS), and add a new section to chapter 269, HRS, which provides that in the event there is no agreement between the public utility and the qualifying facility to a rate or terms within seventy-five days of a bona fide offer, the public utility shall and the qualifying facility may request a hearing and the PUC shall decide within one year unless the period is extended for good cause;
- (3) Amend section 269-1, HRS, by adding a definition for "qualifying facilities"; and
- (4) Require the PUC to adopt rules by December 31, 1997, to effectuate the purpose of this Act, and submit a copy of these rules to the Legislature prior to the regular session of 1998.

Your Committee believes that as part of its rulemaking process, the PUC should define "bona fide offer" as this definition will be critical to carrying out the purpose of this Act.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1196, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1196, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1527 Commerce, Consumer Protection, and Information Technology on H.B. No. 1309

The purpose of this bill is to provide that current evidence of fidelity bond coverage for condominium managing agents and associations of apartment owners includes a certification statement from insurers certifying coverage under a fidelity bond in lieu of providing the actual policy.

Your Committee received favorable testimony on the bill from the Real Estate Commission, which offered a clarifying amendment to expressly state that the registration requirements do not apply to condominiums created before May 29, 1963.

Your Committee concurs with the amendment offered and has added a provisions to accomplish this intent.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1309, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1309, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1528 Commerce, Consumer Protection, and Information Technology on H.B. No. 1451

The purpose of this bill, as received, is to consolidate petroleum industry reporting under the Department of Business, Economic Development, and Tourism (DBEDT), and to repeal chapters 486E and 486I, Hawaii Revised Statutes (HRS).

Your Committee received testimony in support of this measure from the Hawaii Automotive Repair & Gasoline Dealers Association and K & Y Chevron. DBEDT submitted amendments. Comments were received from BHP Hawaii and Aloha Petroleum, Ltd.

Your Committee also heard H.B. No. 1208, H.D. 2, which would extend the moratorium limiting the opening of new company operated retail service stations by manufacturers or jobbers until August 1, 1999.

Subsequent to hearing these measures, your Committee held a hearing on H.B. No. 1451, proposed S.D. 1, which combined features of both bills, taking into consideration information and comments submitted at the previous hearing. Briefly, H.B. No. 1451, proposed S.D. 1, would streamline the reporting requirements of DBEDT in a new chapter and amend chapter 486H, HRS, to:

- (1) Restrict manufactures and jobbers from converting existing lessee dealer operated retail service stations to company operated retail service stations;
- (2) "Grandfather" those company operated retail service stations in existence on July 31, 1997;
- (3) Allow expansion of the number of company operated retail service stations; provided the ratio of company to dealer operated retail service stations remained as it was on July 31, 1997;
- (4) Require a company operated retail service station to be located no closer than five miles of a dealer operated retail service station franchised by the same manufacturer of jobber;
- (5) Allow pool buying by dealer operated retail service stations;
- (6) Establish a three-year rent cap on leases and provide a formula for renegotiation; and
- (7) Define "company operated retail service stations", "dealer operated retail service stations", "operate", "pool buying", and "retail".

Your Committee received considerable industry comment on the proposed S.D. 1, including written comments from Chevron.

Your Committee acknowledges that many of the issues covered in this proposed S.D. 1 are controversial and will require continuing dialogue to reach some form of consensus. In addition to strictly industry concerns, there are issues of business competition, economic development and jobs, and consumer protection.

Your Committee is well aware that the measure reported out of this Committee will not satisfy all parties. However, your Committee believes the bill, as amended, does make a sincere effort to balance the competing interests and provide some continuing measures of protection for both the industry and consumers.

Your Committee has amended H.B. No. 1451, proposed S.D. 1, to:

- (1) Clarify the ratio of company operated retail service stations to dealer operated retail service stations;
- (2) Reduce the miles between new company operated retail service stations and dealer operated retail service stations of the same franchise from five to two;
- (3) Delete references to pool buying;
- (4) Clarify that the lease rent cap shall be base rent plus fifteen percent of the gross amount earned by the dealer operated retail service station, and add a provision for a retail service station when the manufacturer or jobber is the lessee and not the owner of the ground lease; and
- (5) Make technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1451, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1451, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1529 Commerce, Consumer Protection, and Information Technology on H.B. No. 1579

The purposes of this bill are to:

- (1) Allow the Department of Agriculture to give notice by publication of the Department's intent to enter private property for the control and eradication of pests where certified mail is impractical;
- (2) Authorize state and county law enforcement officers to issue citations for violations of chapter 142, Hawaii Revised Statutes, relating to animals, brands, and fences; and
- (3) Enumerate the kind of livestock that is subject to a Livestock Ownership and Movement Certificate when an owner is transporting livestock.

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

Your Committee finds this bill clarifies these statutory provisions and will enable the Department to perform its enforcement duties more effectively.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology 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 the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1530 Commerce, Consumer Protection, and Information Technology on H.B. No. 1899

The purpose of this bill as received by your Committee is to make various housekeeping and technical amendments to the Insurance Code.

Your Committee passed the companion bill S.B. No. 1533 in substantially the same form as this bill. Your Committee therefore is using this bill as a vehicle for the purpose of implementing the federal Health Insurance Portability and Accountability Act of 1996, P.L. 104-191 (HIPAA), as it applies to states. Your Committee held a hearing on a proposed Senate draft which expressly states that the primary legislative intent and purpose of implementing HIPAA is to retain state jurisdiction over health insurance and establishes a new chapter 431Q in the Hawaii Revised Statutes entitled "Health Insurance Reform".

Your Committee received testimony in support of the proposed Senate draft from the Department of Commerce and Consumer Affairs, Kaiser Permanente, Hawaii Medical Service Association, and the American Council of Life Insurance all of whom proposed amendments.

Your Committee finds that Congress enacted the HIPAA to address health care issues, including job mobility of employees, health insurance fraud and abuse, administrative simplification, medical savings accounts, and certain tax issues.

According to HIPAA, if a state does not enact legislation to implement HIPAA, the state will lose jurisdiction over certain group and individual health insurance to the federal government. Your Committee realizes it is important for the State to retain its jurisdiction over insurance policies written in the State and proposed an amendment to the bill to address the issue.

The hearing brought various parties from the public and private sector to discuss the implications of HIPAA. It was recommended that a task force be established to review and recommend mechanisms for implementing HIPAA.

Your Committee finds that HIPAA establishes minimum requirements for health insurers and employers to follow when providing or offering health insurance coverage to employees. HIPAA also addresses certain situations where an individual leaves group health coverage and is unable to obtain insurance coverage.

Your Committee believes that Hawaii's health care systems are among the best in the nation and your Committee wants to make clear that it does not want to adopt any provision of federal law which would diminish or decrease any health benefits or care already being provided to the citizens of this State.

Upon further consideration, your Committee has amended the proposed Senate draft by replacing the proposed new chapter 431Q with a new section to be added to the Insurance Code which provides that the requirements of HIPAA apply so long as it is not less than what is currently allowed by state laws, and allows the Insurance Commissioner to adopt rules necessary to implement HIPAA.

In recognition of testimony from the American Council of Life Insurance which stated that HIPAA is not intended to affect life insurance, your Committee has excluded life insurance contracts and other similar insurance products by adding a definition for "group health issuers" with the understanding that these life insurance products are not meant to provide health coverage as contemplated under HIPAA.

Your Committee further amended the proposed Senate draft by adding a provision asserting the State's jurisdiction over any HIPAA matter, including enforcement, and a provision requiring the insurance commissioner to convene a task force to review the requirements and implementation of HIPAA and to make recommendations to the Legislature.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1899, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1899, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Kanno, Solomon).

SCRep. 1531 Ways and Means on H.B. No. 1390

The purpose of this bill is to appropriate operating and capital funds to the Judiciary for the 1997-1999 fiscal biennium.

Your Committee finds that the appropriations in this budget for the 1997-1999 biennium addresses some of the Judiciary's most urgent needs. However, the State's current economic situation has compelled your Committee to propose significant reductions in the funds to be allocated to various programs and areas within the Judiciary over the next two fiscal years.

Your Committee has amended this bill as follows:

Reductions in the Judiciary budget include \$1,450,000 of new requests in each fiscal year, and personal services reductions of \$2,800,000 in FY 1997-1998 and \$2,700,000 in FY 1998-1999. To address this reduction in personal services, the Judiciary plans to refrain from filling current vacancies unless absolutely necessary.

A significant portion of the Judiciary biennium budget request included funds for repair and maintenance of its facilities. Certain facilities have experienced interior and structural deterioration resulting in increased concern for the welfare and safety of its users. Funding for major repair and maintenance projects to address these needs have therefore been included in the Judiciary's capital improvement project budget.

To address the continual increase in substance abuse cases and the resulting increase in the number of detained and incarcerated individuals with drug abuse problems, your Committee has authorized continued funding of the Hawaii drug court program. The program was established in 1995 on a temporary basis to address the growing drug offender problem by offering a viable alternative to incarceration and by providing enhanced treatment options. The program is currently funded by general funds appropriated under Act 25, Special Session Laws of Hawaii 1995, and by federal grants. Federal funding for six temporary positions will expire in June 1997 and additional state funding will be necessary to continue operation at present service levels. Your Committee finds that the program has proven to be a cost efficient means of dealing with nonviolent drug offenders.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1390, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1390, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1532 Judiciary on H.B. No. 141

The purpose of this bill is to create a qualified immunity for individuals who volunteer their services to nonprofit or governmental entities.

Testimony in support of this bill was received from the Office of State Volunteer Services, the Department of Education and 26 volunteer organizations and individuals. Testimony in opposition was received from the Consumer Lawyers of Hawaii.

Your Committee supports the intent of the bill which is to encourage volunteerism by providing qualified immunity for acts done in good faith and within the scope of the volunteer's functions.

Upon further consideration, your Committee has amended this bill by substituting the provisions of S.B. No. 1098, S.D. 1, the Senate companion measure, as passed by the Senate. The substantive differences as reflected in the Senate version include:

- (1) Providing a definition of "governmental entity" which includes organizations authorized or established by any county or the State; and
- (2) Requiring that nonprofit organizations maintain specified general liability coverage in order for their volunteers to receive immunity.

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. 141, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 141, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1533 Judiciary on H.B. No. 432

The purpose of this bill, as received by your Committee, is to require that at the time of filing the nomination paper for office, a candidate must be a resident and registered voter of the district.

Testimony regarding this bill was received from the Chief Election Officer.

While your Committee generally concurs with the intent of this bill, your Committee finds that the proposal is constitutionally suspect because the Hawaii Supreme Court has ruled that the constitutional definition of candidate eligibility requires only that the candidate meet qualifications for office at the time of election, Hayes v. Gill, 52 Haw 251 (1970). Further, your Committee's concerns have been confirmed by the Attorney General.

Accordingly, your Committee has deleted the substance of the bill and has substituted therefor an amendment to address a flaw in our electoral system related to sole electoral activity committees. Under current law, such committees that are established within six

months of an election and whose sole purpose is to influence a single election or ballot issue, are not subject to contribution limits. Your Committee finds that there appears to be no compelling reason for this exception and, therefore, has amended the bill to delete the campaign spending law's reference to such committees. Thus, it is your Committee's intent that these committees be subject to all laws applicable to noncandidate committees.

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. 432, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 432, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1534 Judiciary on H.B. No. 460

The purpose of this bill is to extend the period the State Ethics Commission must retain financial disclosure statements of legislators, employees, or delegates to a constitutional convention subject to chapter 84, Hawaii Revised Statutes.

Specifically, this bill extends that period from three to six years after the term of office or employment ends for legislators, employees, and delegates to a constitutional convention.

Your Committee received testimony in favor of this bill from the State Ethics Commission.

The law now requires the State Ethics Commission to maintain these financial disclosure statements during the filer's term of office and for three years after the expiration of the filer's term of office. The three-year period was specified because it corresponded to the three-year statute of limitations period for ethics violations. However, this period was increased from three to six years in 1995.

Your Committee finds that this measure is necessary to ensure conformity with the six-year statute of limitations.

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. 460 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1535 Judiciary on H.B. No. 462

The purpose of this bill is to impose fines against state officials and employees who fail to file required disclosures of financial interests in a timely manner.

Your Committee received testimony in favor of this measure from the Hawaii State Ethics Commission.

Your Committee finds that pursuant to the state ethics code, approximately one thousand six hundred state officials and employees must file disclosures of financial interests with the Commission within thirty days of their election or appointment to office, and again each subsequent year between January 1st and May 31st. Failure to file a disclosure is a violation of the code.

The Commission has noted that about two hundred state officials and employees fail to file their disclosures in a timely manner, including several habitually late filers. The Commission and its staff spend a significant amount of time and resources in pursuing these late filers, either by repeatedly contacting these persons to remind them to file their disclosure forms, or by instituting time-consuming and costly enforcement proceedings against them.

Your Committee agrees with the intent of this bill, and finds that it will serve as an appropriate and necessary measure to motivate late filers to file their disclosure forms on time, thereby conserving limited state resources and allowing the Commission and its staff to more efficiently administer and enforce the state ethics code.

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. 462, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1536 Judiciary on H.B. No. 463

The purpose of this bill is to specify that when the State Ethics Commission decides not to issue a complaint in response to a charge under the standards of conduct law, the Commission, upon the written request of the person charged, must make a finding as to whether or not a charge is frivolous.

Testimony in support of this measure was received from the State Ethics Commission.

Your Committee finds that the present law requires the Commission to determine whether the complainant's charge is frivolous in each and every case for which the Commission decided not to issue a complaint upon the charge submitted to it. A Commission finding of frivolousness allows the respondent to pursue a civil suit against the complainant. However, not all such respondents retaliate with a civil suit or desire to have this determination made. For these respondents, a Commission determination of whether the charge was frivolous amounts to a waste of the Commission's time and labor. A more efficient use of Commission resources would be to limit determinations of frivolousness to only those cases in which respondents request such a finding.

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. 463 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1537 Judiciary on H.B. No. 581

The purpose of this bill is to define the liability of providers of recreational activities, such as scuba or skin diving, bicycle tours, and mountain climbing.

Testimony in support of this bill was presented by nine representatives of the recreational activities industry.

Your Committee finds that this measure is necessary to more clearly define the liability of providers of commercial recreational activities by statutorily validating inherent risk waivers signed by the participants. Your Committee further finds that these inherent risk waivers require providers to disclose known risks to the participants, but these waivers do not extend immunity to providers for damages resulting from negligence. Thus, it is the intent of your Committee that this clarification in the law will appropriately reduce frivolous suits without increasing risks to participants.

Upon further consideration, your Committee has amended this bill by substituting the substantive provisions of S.B. No. 647, S.D.1, the Senate companion measure, which include:

- (1) Requiring that waivers by minors be witnessed by a parent or legal guardian; and
- (2) Exempting the provisions of Chapter 663B, existing law regarding equine liability.

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, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 581, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1538 Judiciary on H.B. No. 617

The purpose of this bill is to amend various state laws to replace the term "illegitimate child" with the phrase "child born to parents not married to each other".

Your Committee received testimony in support of this bill from the Office of Hawaiian Affairs, the Hawaii State Commission on the Status of Women, and a private individual.

Your Committee finds that the term "illegitimate child" is an outdated, inappropriate term that unfairly and unnecessarily labels and burdens young children. The use of such a derogatory and value laden term today is no more appropriate than referring to an adult of similar circumstances as a "bastard". By comparison, the reference "child born to parents not married to each other" is both objective and nonjudgmental, as well as accurate.

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. 617, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1539 Judiciary on H.B. No. 912

The purpose of this bill is to allow service of process to be made by the parties themselves in small claims matters.

Testimony in support of this measure was received from members of the public.

Your Committee is in support of the intent of this bill which also provides for proof of personal service through the served party's signed acknowledgement or testimony by a competent witness to the service.

In order to facilitate the truth and objectivity of testimony verifying personal service, your Committee has amended the bill to require that the witness not be an employee, family member, or agent of the plaintiff.

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. 912, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 912, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1540 Judiciary on H.B. No. 1012

The purpose of this bill is to allow the superintendent's authorized representative to approve the suspension of a student for possession of a dangerous weapon, switchblade knife, intoxicating liquor, or illicit drugs while attending school.

Your Committee received testimony in support of this measure by the Hawaii State Teachers Association and the Department of Education.

Your Committee finds the proposed amendments address some of the operational concerns expressed by school and district administrators as they began to implement Act 90, Session Laws of Hawaii, 1996. Your Committee has amended the bill to clarify that the superintendent's authorized representative must be the district superintendent or deputy district superintendent with authority over the student.

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. 1012, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1012, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1541 Judiciary on H.B. No. 1296

The purpose of this bill is to expand the scope of the garnishment statute so that service upon the garnishee will extend to every place of the garnishee's business throughout the State, not just in the district or circuit where served.

Testimony in support of the measure was received from a member of the public.

Current law requires, where a debtor has offices in more than one judicial district or circuit, that the creditor file a garnishee summons in each such district or circuit. This is time-consuming and costly for the creditor. Your Committee finds that modern technology, such as telephone, fax, and email, permit an easy exchange of information concerning service of process on a garnishee between all the garnishee's offices within the State. Your Committee notes that the current language restricting the effectiveness of a garnishment summons to the specific judicial district or circuit dates back to 1931. Current technology makes this provision obsolete.

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. 1296 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1542 Judiciary on H.B. No. 1377

The purpose of this bill is to provide that Judiciary records be filed and maintained solely within the judicial branch.

Testimony in support was received from the Judiciary.

This bill is a housekeeping measure submitted by the Judiciary. Current law requires that copies of judicial records be transmitted to the Comptroller, the Attorney General, and the originating court. Your Committee finds that as a separate and co-equal branch of government, the Judiciary should have the exclusive responsibility for maintaining its records.

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. 1377 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1543 Judiciary on H.B. No. 1382

The purpose of this bill is to allow companion traffic crime and traffic infraction cases to be handled separately for disposition purposes.

Specifically, the bill requires the court to enter judgment by default in favor of the State and against a defendant who fails to appear for a traffic infraction that is committed in the same course of conduct as a criminal offense for which the offender is arrested or charged, unless the court determines that good cause or excusable neglect exists for the defendant's failure to appear.

Your Committee received testimony from the Judiciary in support of this measure.

Your Committee finds that present law requires that a traffic infraction committed in the same course of conduct as a traffic crime be adjudicated with the criminal offense. Consequently, if a defendant fails to appear in court for the traffic crime, a bench warrant is issued for the traffic crime and the traffic infraction, and both cases remain pending until the defendant responds to the bench warrant. Under this bill, however, if the defendant failed to appear, the court would issue a bench warrant for the traffic crime case and enter a default judgment for the defendant's traffic infraction case. Once the default judgment is entered for the traffic infraction case, the case is disposed of and becomes an enforceable judgment for the State. Your Committee finds that this will result in more timely adjudications of infraction cases and will reduce the number of pending 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. 1382, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1544 Judiciary on H.B. No. 1385

The purpose of this bill is to make housekeeping amendments to the laws relating to motor vehicle driver licensing and the driver education and training fund.

Your Committee received testimony in favor of this measure from the Judiciary.

Your Committee finds that this bill makes necessary technical changes to the motor vehicle laws to eliminate confusion in the implementation of these laws and for the purposes of efficiency and consistency.

Your Committee finds, however, that section 1 of the bill, which amends section 286-104, Hawaii Revised Statutes, inadvertently reenacted language that had previously been repealed by Act 36, Session Laws of Hawaii 1996. Your Committee has accordingly made a technical amendment to this bill by deleting the previously repealed language. Your Committee has further amended this bill by changing the section title of section 286G-3, Hawaii Revised Statutes, as contained in section 5 of the bill, from "Fines" to "Driver education assessments", consistent with the other amendments made to that section.

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. 1385, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1385, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1545 Judiciary on H.B. No. 1387

The purpose of this bill is to repeal the law providing for the driver licensing point system.

Your Committee received testimony in support of this measure from the Judiciary.

Under the driver licensing point system, the District Court assesses points against drivers who violate traffic laws and ordinances. Persons who accumulate a certain number of points may be evaluated by the court to determine their continuing qualifications to operate motor vehicles and may be barred from renewing their licenses. Your Committee finds, however, that the point system is a remnant of the traffic laws that existed prior to the broad decriminalization of the statutes relating to motor vehicles, which the Legislature enacted in 1992. Consequently, the point system no longer functions usefully in the adjudication of offenses.

Furthermore, your Committee finds that repeal of the point system is warranted based upon the following reasons:

- (1) Although points purport to represent the relative seriousness of various traffic offenses, they have no legal import. Moreover, the assignment of points is purely discretionary with the court.
- (2) The sanctions authorized by an accumulation of varying numbers of points presently are available to district court judges irrespective of the point system. Accordingly the point system does not provide for any additional or greater sanctions.
- (3) The point system is separate from uniform point systems constructed by insurance companies; contrary to the perception of some citizens, the two systems are not correlated.
- (4) The point system is not a federal requirement; thus, eliminating the point system will have no impact on the receipt of federal highway funds.
- (5) The point system is both costly for the courts to maintain and difficult to administer.

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. 1387, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1546 Judiciary on H.B. No. 1407

The purpose of this bill is to specify requirements regarding the certification of election results.

Your Committee received testimony in favor of this measure from the Chief Election Officer.

Your Committee finds that this bill codifies as law the present practice by which various audits are compared to certify an election. As a general rule, most people are not aware of the specific requirements and procedures that must be followed in determining the accuracy of election results. Your Committee believes that formalizing current practices will make these requirements more readily ascertainable, which should alleviate any public concerns about the process of certifying election results.

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. 1407 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1547 Judiciary on H.B. No. 1715

The purpose of this bill is to provide specific criminal penalties to be imposed when persons fraudulently obtain public assistance or food stamp benefits through the use of electronic benefit transfer cards or similar debit-card-type devices.

The bill further expands the definition of "credit cards" to include electronic benefit transfer cards and debit cards under section 708-800, Hawaii Revised Statutes (HRS), in order to criminalize the fraudulent use of debit and electronic benefit transfer cards under Part X of chapter 708, HRS.

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. 1715, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1548 Judiciary on H.B. No. 1718

The purpose of this bill is to create a rebuttable presumption that a recipient of medical assistance who is an inpatient at a medical facility cannot reasonably be expected to be discharged under certain conditions for the purpose of recovery of payments made by the Department of Human Services (DHS).

This is an administration bill which is intended to facilitate recovery by the DHS for medical assistance payments (usually for overpayment or fraud) to medically institutionalized recipients, who qualify under law for a lien. Current law specifies that a lien be placed against real property only if "the recipient cannot reasonably be expected to be discharged from the medical institution and return home." The rebuttable presumption arises when the recipient declares that there is no intent to return home or when the recipient has been institutionalized for six months or more without a discharge plan. Currently, the DHS must undertake an independent evaluation of the recipient's medical condition and social and economic factors to determine if the recipient cannot return home.

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. 1718 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1549 Judiciary on H.B. No. 1745

The purpose of this bill is to reduce the maximum penalty for any person violating a rule pursuant to Chapter 200, Hawaii Revised Statutes, from a misdemeanor to a petty misdemeanor, and concurrently reduce the minimum fine to \$25.

Testimony was submitted by the Board of Land and Natural Resources in support of this bill with suggested amendments.

Your Committee finds that by reclassifying boating violations to petty misdemeanors, prosecution of violators will be more expeditiously resolved as violators will no longer be able to request jury trials for these minor offenses. Your Committee further finds that the present classification of violations has created a backlog in the courts and the reclassification of offenses will assist the courts in reducing any future backlog caused by these minor violations.

Your Committee has amended this bill by making conforming technical amendments for purposes of 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. 1745, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1745, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1550 Judiciary on H.B. No. 1858

The purpose of this bill is to hold individual members, managers, and agents of limited liability companies responsible for penal violations of consumer protection laws.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs.

Your Committee is in support of this measure, which adds a further level of protection for the public by extending consumer protection laws to cover limited liability companies in the same manner these laws affect corporations.

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. 1858, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1551 Judiciary on H.B. No. 2305

The purpose of this bill is to add as an offense, under first degree forgery, the fraudulent encoding of magnetic ink character recognition numbers.

The bill also adds an "issuing commercial establishment" to the class of issuers protected from forgery, false making, false completion, false altering, and false endorsement.

Your Committee finds that increasingly advanced technology has changed the way in which commercial paper can be handled between parties. One of those technological changes involves the use of magnetic character recognition numbers that enable scanners to quickly obtain information from the document. Changing those magnetic codes effectively tells the scanner different information than that intended, making it a forgery in fact, if not in name. However, this type of document alteration is not presently prohibited by law. Your Committee finds that the bill will protect parties in this type of situation by classifying this type of behavior as forgery in the first degree.

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

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2305, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2305, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1552 Judiciary on H.B. No. 145

The purpose of this bill is to propose a constitutional amendment that would create a budget stabilization fund into which would be deposited a certain percent of general fund revenues when such revenues exceed five percent of general fund balance.

Your Committee finds that the establishment of a state "rainy day" fund merits consideration given the State's present fiscal crisis and projected short-term static economy. Your Committee further finds that ensuring the availability of a temporary financial reserve would enable the State to better address an economic downturn or to assist when there is an unforeseen emergency requiring state assistance to ensure the continuation of necessary public 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. 145, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1553 Judiciary on H.B. No. 623

The purpose of this bill is to eliminate the possibility of expungement of records relating to a person's arrest, trial, conviction, dismissal or discharge involving abuse of a family or household member.

Your Committee received testimony in support of this measure from the Department of the Attorney General, the Department of the Prosecuting Attorney for the City and County of Honolulu, Child and Family Service, Domestic Violence Clearinghouse and Legal Hotline, the Hawaii State Coalition Against Domestic Violence, the Hawaii State Commission on the Status of Women, and the Hawaii Catholic Conference.

Your Committee finds that domestic violence is a serious crime affecting many families in our community and for which perpetrators must be held accountable. Your Committee further finds that the repetitive and retaliatory nature of domestic violence requires accurate and complete documentation of a perpetrator's history for the future safety of the victim and the victim's family.

Your Committee has amended this measure by making technical nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 623, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 623, S.D.1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1554 Judiciary on H.B. No. 675

The purpose of this bill, as received by your Committee, is to expand the standard for robbery in the first degree to include "knowingly" inflicting serious bodily injury upon another.

Testimony in support of the intent of this measure was submitted by the Attorney General on behalf of the state law enforcement coalition, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Hawaii Hotel Association, and the Office of the Public Defender.

Your Committee finds that Hawaii has experienced an increase in property crimes affecting our residents and visitors alike. Your Committee further finds that expanding the standard for first degree robbery will assist prosecutors in convicting persons who are inflicting bodily injury during a theft. Your Committee believes that this increase in prosecutions will prevent further robberies by mitigating the propensity for thieves to commit assaults and thefts.

Upon further consideration, your Committee has amended this measure by deleting its substance and substituting therefor the Senate version of this measure, S.B. No. 1289, S.D.1. Your Committee agrees with the testifiers that the Senate version of this measure more clearly delineates the scope of first degree robbery by addressing both the degree of bodily injury as well as the mental state of the offender.

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. 675, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 675, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1555 Judiciary on H.B. No. 789

The purpose of this bill is to change the training requirements for a permit to acquire a pistol or revolver.

Specifically, the bill would reduce the required number of hours of firing training at a range from three to two and increase the required number of classroom hours from three to four. The bill also includes certified military firearms instructors among the instructors allowed to provide firearm training under this provision.

Your Committee received testimony in support of this measure from the Police Department of the City and County of Honolulu, Lessons in Firearms Education (L.I.F.E.), Hawaii Citizens' Rights, and the Hawaii Rifle Association.

Your Committee finds that the present three-hour training requirement for live firing is too long, while the classroom portion of the training requirement is too short. Most students become too fatigued after two hours of live firing to benefit from a third hour. On the other hand, the extra hour is well spent in the classroom portion, allowing students to practice safe firearms handling drills with dummy ammunition without exposure to the noise and stresses of the firing range. Your Committee notes that this bill would retain the overall training requirement of six hours as under present law.

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. 789, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1556 Judiciary on H.B. No. 1203

The purpose of this bill is to prohibit the granting of a deferred acceptance of guilty (DAG) or deferred acceptance of no contest (DANC) plea when the defendant is charged with sexual assault in the second or third degree.

Your Committee received testimony in support of the measure from the Department of the Prosecuting Attorney of the City and County of Honolulu and the Sex Abuse Treatment Center. Testimony in opposition to the measure was received from the Office of the Public Defender.

Your Committee finds that when the court grants a deferred plea, no conviction results and the defendant's record is expunged so that no record exists of the offense. Your Committee finds this particularly disturbing with respect to sex offenders, as research shows that sex offenders are very likely to re-offend. A recent study of recidivism among both rapists and child molesters found that rapists had an average of seven victims and child molesters an average of one hundred fifty victims. Moreover, sex offenders who are granted DAG and DANC pleas are not required to register as sex offenders, nor are they required to give blood or saliva samples for DNA, thus frustrating the purpose of the sex offender registration law and hampering sex crime investigation. Also, in the instance when a DAG or DANC plea has been granted to an individual, a criminal history record check of the individual would fail to turn up a prior record, thus frustrating the purposes behind allowing criminal history record background checks, which are predicated on the accuracy of a person's criminal history. The safety and welfare of the public are not well served by a law that allows a sex offender to hide the offender's history from a potential employer and thus gain employment that may put the offender in close proximity to children or other relatively powerless individuals who could be potential victims in sexual assault in the second and third degree offenses.

Accordingly, your Committee finds that the benefits accompanying the granting of DAG and DANC pleas, when extended to sex offenders, impose serious consequences for the safety of the community. Furthermore, your Committee finds that disallowing DAG and DANC pleas for sexual assault in the second and third degree offenses is consistent with the criteria for the granting of DAG and DANC pleas in section 853-1, Hawaii Revised Statutes, which states in pertinent part that: the defendant is unlikely again to engage in a criminal course of conduct; and "the ends of justice and the welfare of society do not require that the defendant shall presently suffer the penalty imposed by law".

Your Committee also finds unpersuasive the argument that only the most appropriate defendants are granted DAG and DANC pleas under the present law, given the statistics from the Adult Probation Division that forty-two sex offenders have been granted a DAG or DANC plea since 1990 and twenty-seven are presently "active" on a DAG or DANC plea. Your Committee notes that this number represents nearly ten per cent of the active sex offender caseload of the Adult Probation Division.

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. 1203 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1557 Judiciary on H.B. No. 1510

The purpose of this bill is to remove the requirement that judges consider "recent" acts of domestic abuse in determining whether to issue a protective order for victims of domestic violence.

Testimony in support of this bill was submitted by the Department of the Prosecuting Attorney of the City and County of Honolulu, the Domestic Violence Clearinghouse and Legal Hotline, Child and Family Service, and the Hawaii Medical Association.

Your Committee finds that current law requires the court to consider "recent" past acts of domestic abuse in determining whether to issue a protective order, and this language has been subject to broad interpretation creating considerable variance in application among judges. Your Committee further finds that there may be situations where an offender has been incarcerated, residing outside the State, or on extended military deployment, and, therefore, the offender has not had contact with or the opportunity to commit "recent" acts of abuse. Yet, because of their past history of abuse, the offender may continue to pose a significant danger to the victim or the victim's family. Your Committee further believes that removing the term "recent" also provides the court with discretion in determining whether there is adequate evidence to support the need for a protective order.

Your Committee has made technical, nonsubstantive amendments to 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. 1510, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1510, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1558 Judiciary on H.B. No. 1748

The purpose of this bill is to establish administrative penalties to address civil violations within the Kaho'olawe Island Reserve (Reserve).

Specifically, the bill:

- (1) Establishes administrative penalties for unlawful activities within the Reserve;
- (2) Changes violations of laws and rules applicable to the Reserve from a misdemeanor to a petty misdemeanor; and
- (3) Provides that civil legal action does not preclude the State from seeking criminal penalties against persons who violate chapter 6K, Hawaii Revised Statutes, or any rules adopted under the chapter.

Your Committee finds that the bill will augment the enforcement of the administrative rules relating to the Reserve by adding a civil process and penalties for violations, thereby increasing the protection afforded to the Reserve.

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. 1748, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1559 Judiciary on H.B. No. 2308

The purpose of this bill is to enact clarifying amendments to the Uniform Probate Code.

Your Committee received testimony in support of this bill from an attorney specializing in probate law who served on the Judicial Council which reviewed the Uniform Probate Code and recommended its enactment.

Act 288, Session Laws of Hawaii 1996, enacted a new Uniform Probate Code to replace the existing code. Since the date of enactment, several necessary statutory amendments have been brought to the attention of the legislature. This bill is intended to make technical amendments and enact other amendments to address "glitches" in the code which legal practitioners have found to exist in the course of their probate practice.

Your Committee has amended this bill by:

- (1) Adding that, in informal probate procedures, the registrar, by written statement of informal probate, appoints a personal representative subject to qualification and acceptance;
- (2) Providing that, as to a petition for adjudication for intestacy, the statements required by section 560:3-301(a)(4)(B) may be omitted;

- (3) Clarifying that in dispositions of unclaimed assets, distribution shall be made to that person's guardian of the property rather than the conservator;
- (4) Clarifying that, while the maker of the trust is still living, the trustee of a revocable living trust is not required to register the trust or keep beneficiaries informed of the trust;
- (5) Amending section 5, Act 288, Session Laws of Hawaii 1996, to make the effective dates of the various provisions consistent with January 1, 1997; and
- (6) Making technical, nonsubstantive amendments for 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. 2308, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2308, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 1560 Judiciary on H.B. No. 2

The purpose of this bill is to strengthen the enforcement provisions of the state motor vehicle carrier law by making shippers and consignees who engage the services of illegal motor carriers subject to both criminal and civil penalties.

Testimony in support of this bill was submitted by the Hawaii Transportation Association. The Board of Agriculture submitted suggested amendments.

Your Committee believes that by providing consistent penalties for carriers, shippers, and consignees through the citation process it will enable the Public Utilities Commission to enforce the provisions of the motor carrier law and significantly reduce the number of illegal motor carrier operators in the State.

Upon further consideration, your Committee finds that certain agricultural enterprises currently retain commercial haulers to move agricultural crops from the field to processing facilities. Therefore, your Committee has amended this measure to broaden the current exemption found in Section 271-5 (11), Hawaii Revised Statutes, to include the transport of seed corn to a processing facility.

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. 2, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2, H.D. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1561 Judiciary on H.B. No. 106

The purpose of this bill, as received by your Committee, is to lower from sixteen to fourteen, the age at which the Family Court may waive jurisdiction of a juvenile who commits an offense which would be classified as a felony if it were committed by an adult.

Your Committee received testimony in support of this bill from the Department of the Attorney General, the Office of the Mayor of the City and County of Honolulu, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Honolulu Police Department, various representatives of the Community Coalition for Neighborhood Safety, and private citizens.

The Office of Youth Services concurred in part with this bill, but opposed the provisions authorizing the Department of Public Safety jurisdiction over juvenile offenders whose terms extend beyond their eighteenth birthday. The Office of the Public Defender, Adults Friends for Youth, the International Union of Elevator Constructors, and private citizens opposed this bill.

Your Committee finds that immediate action is necessary for the protection and safety of the community from the growing number of minors who commit violent, serious, or multiple felonies. Lowering the age of discretionary judicial waiver will allow the family court to consider whether or not the often dangerous acts committed by fourteen and fifteen year olds require adult criminal court treatment.

Your Committee further finds that a juvenile who commits an act which would constitute murder or attempted murder if committed by an adult should be waivable at any age, at the discretion of the family court.

Finally, your Committee believes that a policy for treatment of juveniles who commit serious offenses should also take into consideration the fact that juvenile law violators who are not waived into the adult criminal court system are often confined in juvenile correctional facilities for terms extending beyond their eighteenth birthdays. Accordingly, your Committee further finds that public safety would be furthered if such offenders were committed to the custody of the Department of Public Safety to complete their term of confinement, rather than to be automatically released into the community.

Upon further consideration, your Committee has amended this bill by deleting all provisions except those which: (1) commit a juvenile to the custody of the Department of Public Safety upon reaching the age of eighteen, if the term of confinement extends beyond the juvenile's eighteenth birthday; and (2) make the photograph of the minor a permanent part of the family court and police records. Your Committee has also added language which:

- (1) Allows for discretionary waiver of juveniles who commit violent, serious, or multiple felonies;

- (2) Allows for the records of proceedings or social studies of a minor to be made available to the Hawaii Paroling Authority for the purposes of determining minimum terms of imprisonment and terms of parole;
- (3) Defines a young adult defendant as a person convicted of a crime who, at the time of sentencing, is less than twenty-two years old;
- (4) Expands the class of juveniles included in the Hawaii State Automated Fingerprint Identification System (AFIS); and
- (5) Makes technical, nonsubstantive amendments for the 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. 106, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 106, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1562 Judiciary on H.B. No. 631

The purpose of this bill is to provide for health care decisions to be made by a legal surrogate under certain circumstances.

Testimony in support of the intent of this bill was received from the Department of Human Services, Executive Office on Aging and 22 health care organizations, health care professionals and private citizens.

Your Committee finds that the limited authorization provided in this bill, which sunsets in 1999, will provide an appropriate and meaningful demonstration of the surrogate decisionmaker concept. Your Committee further supports the establishment of the surrogate decision-making committee that is charged with reviewing the effect of this measure, and which will provide valuable insight into the development and scope of surrogate authority, including the withholding of artificial nutrition and hydration.

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

- (1) Including orders not to resuscitate among the surrogate's authority;
- (2) Requiring a supervising health care professional to receive a written declaration under penalty of perjury from anyone claiming the right to act as a legal surrogate;
- (3) Providing that the initial determination of lack of capacity shall be by the supervising health care professional rather than the primary physician;
- (4) Changing the prohibition of authorized physician assisted suicide to a prohibition of authorized physician assisted death;
- (5) Including a representative from the executive office on aging and the commission on persons with disabilities on the surrogate decision-making committee;
- (6) Including the consideration of the appropriateness of allowing end of life decisions by surrogate decisionmakers in the report from the committee; and
- (7) Making other technical amendments for the 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. 631, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 631, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 1563 Judiciary on H.B. No. 971

The purpose of this bill, as received by your Committee, is to create the offense of street solicitation of prostitution within Waikiki with a mandatory minimum jail term of thirty days, and a prohibition of bail pending appeal of a conviction.

Testimony in support of this bill was received from the Office of the Mayor of the City and County of Honolulu, the Honolulu Police Department, the Office of Waikiki Development of the City and County of Honolulu, the Waikiki Neighborhood Board No. 9, the Waikiki Improvement Association, the Waikiki Residents Association, and Sisters Offering Support. The Public Defender opposed this bill.

Your Committee finds that street solicitation of prostitution is a serious and ongoing problem in some urban areas of our State, especially Waikiki. However, your Committee is painfully aware that given the State's current fiscal crisis and overcrowding in both men's and women's correctional facilities, mandatory imprisonment for the first offense of prostitution is not an appropriate solution to this problem. Instead, your Committee strongly believes that increased fines will be a more effective long-term deterrent.

Your Committee further finds that although the current statutes regarding prostitution are somewhat difficult to enforce, they remain the most appropriate vehicles for law enforcement to arrest and convict both the solicitor and the solicitee of prostitution.

Upon further consideration, your Committee has amended this bill by deleting its provisions and substituting therefor an increase in fines for both first offenses and subsequent offenses of prostitution.

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. 971, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 971, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 1564 Judiciary on H.B. No. 1247

The purpose of this bill is to increase the maximum daily administrative penalties for violations of water pollution and hazardous waste laws from \$10,000 to \$25,000.

Testimony in support of this bill was submitted by the Department of Health and the Hawaii Chapter of the Sierra Club.

Your Committee finds that the federal Environmental Protection Agency requires state environmental penalties to be consistent with the fines and penalties of the federal law. This bill will make the civil penalties of the State's clean water and hazardous waste laws equal to the maximum federal penalties.

Your Committee has amended this bill by making a technical change to the proposed language amending section 342J-9(c)(2), Hawaii Revised Statutes. The language erroneously refers to permits and variances issued by the Department of Health under that "section". Because the authority of the Department to issue permits and variances is established elsewhere in the chapter, the word "section" has been replaced with the word "chapter".

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. 1247, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1247, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1565 Judiciary on H.B. No. 1410

The purpose of this bill, as received by your Committee, is to: authorize the chief election officer to adopt rules controlling the inspection of election records for election and government purposes; repeal section 11-14.6, Hawaii Revised Statutes; and expand the definition of persons who can seek confidentiality of their voting records in life threatening situations.

Testimony in support of the intent of this bill was presented by the Chief Election Officer, Office of Information Practices, and the Department of the Prosecuting Attorney of the City and County of Honolulu. The Chief Election Officer presented clarifying amendments for consideration by your Committee.

Your Committee finds that the federal district court has ruled that existing restrictions on the distribution of voter lists are unconstitutional (Donrey Media Group v. Ikeda). Consequently, voter lists which include addresses and phone numbers must currently be made available to anyone who requests such lists, without regard to the subsequent uses of the lists. Your Committee further finds that the clarifying amendments to this bill proposed by the Chief Election Officer, and endorsed by the Department of the Attorney General seek to cure constitutional defects in the distribution of such records.

Your Committee agrees that the Donrey decision teaches us the legislation in this area must not have the effect of discriminatory access to records, that is, the statute cannot selectively deny certain persons access while others have access. As proposed, the changes to this bill would make clear that certain information will be open and available to everyone. It further proposes that other information contained in the voter registration affidavit would be confidential except for election and government purposes pursuant to administrative rules. The Attorney General and Chief Election Officer believe that these changes are defensible and can withstand scrutiny under the Donrey decision. Depending upon the precise nature of the rules adopted pursuant to this bill, your Committee concurs in this belief.

Accordingly, your Committee has amended the bill pursuant to the Chief Election Officer's proposal to provide that each voter's full name, district/precinct designation, and voter status shall be public, but that all other information contained on voter registration affidavits shall be confidential except for election or government purposes in accordance with rules adopted by the Chief Election Officer pursuant to chapter 91.

Upon further consideration, your Committee has further amended the bill to incorporate the substantive provisions of S.B. No. 1074, S.D.1, the Senate version of this measure previously passed by your Committee. These provisions enable any registered voter to petition that the person's address and telephone number may be kept confidential if release would result in an unwarranted invasion of personal privacy or expose the person or a member of the person's family to risk of bodily harm. This will provide a vehicle for voters to preserve the confidentiality of their address and telephone numbers irrespective of the constitutionality of the general rules adopted by the Chief Election Officer.

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. 1410, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1410, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 1566 Judiciary on H.B. No. 1473

The purpose of this bill, as received by your Committee, is to immunize private landowners and government when vehicles and pedestrian traffic must be diverted onto private property because of emergencies.

Your Committee finds that emergency situations sometimes require public officials to divert motor vehicles or pedestrians from public roads to private property to ensure public safety and welfare. While your Committee agrees that private landowners should be provided immunity when emergencies require that vehicles or pedestrians be diverted onto their property, there is no compelling reason to similarly immunize the counties. Accordingly, your Committee has amended the bill to:

- (1) Delete the provision of immunity for the State and the counties; and
- (2) Require counties to authorize such traffic diversions.

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. 1473, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1473, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1567 (Joint) Judiciary and Ways and Means on H.B. No. 1539

The purpose of this bill, as received by your Committee, is to require that the furlough, parole, or discharge of any youth committed to the Hawaii Youth Correctional Facility be approved by the family court when so specified in the commitment order.

Testimony in support of the measure was received by several teachers at the youth correctional facility. Testimony with reservations about the measure was received from the family court and the Office of Youth Services. There was, however, a persuasive concurrence that there is a significant need for short term commitment facilities for youth on the neighbor islands.

Your Committee finds that when youth from the neighbor islands of Maui, Kauai, and Hawaii are committed for thirty days or less to the authority of the Office of Youth Services, they must be flown to Oahu, evaluated, housed and included in programs, and upon the expiration of their brief commitment, flown back to their home island. This is an expensive, resource intensive process which accomplishes little in terms of penal, rehabilitative, or educational outcomes. These inefficiencies in the system are exacerbated by the fact that family, social support systems, and local counselors or probation officers cannot effectively participate in any part of the Oahu based program.

Upon further consideration, your Committee has amended this bill to authorize and appropriate funds for a two-year pilot project on Kauai for a secure residential facility for short-term commitments. The Office of Youth Services is directed to establish the facility and report on the cost-effectiveness and operation of the facility prior to the convening of the 1999 regular session.

As affirmed by the records of votes of the members of your Committees on Judiciary and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1539, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1539, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 16. Noes, none. Excused, 1 (Bunda).

SCRep. 1568 Judiciary on H.B. No. 1965

The purpose of this bill is to direct the Chairperson of the Board of Land and Natural Resources to establish a task force to develop a comprehensive plan to address the issues posed by the introduction of alien aquatic organisms into Hawaiian waters.

Testimony in support of this measure was submitted by the Board of Land and Natural Resources.

Your Committee finds that the introduction of alien species from ships' ballast water and encrusting growth of the ships' hull through international shipping and sailing is a complex problem. Your Committee further finds that representatives of the shipping industry and others have already agreed to meet to develop a logistically feasible plan to monitor, control, and prevent alien species from entering our waters.

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. 1965, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 1569 Ways and Means on H.B. No. 1675

The purpose of this bill is to require the Department of Labor and Industrial Relations to regulate cranes and other hoisting machines and their operators.

This bill amends the occupational and safety law to require the Department of Labor and Industrial Relations to regulate the operation of cranes and other hoisting machines, as well as the operators of those machines. It also requires the Department to adopt rules for construction, demolition, and excavation. Finally, this bill requires the Department to seek out the advice of affected employee and employer groups when preparing the rules.

Your Committee agrees with your Committee on Commerce, Consumer Protection and Information Technology that this issue of licensing hoisting machines and their operators is chiefly one of safety for the industry and the public. Your Committee finds that the Department of Labor and Industrial Relations is the appropriate agency to regulate this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1675, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1570 Ways and Means on H.B. No. 103

The purpose of this bill is to promote support and regulatory relief to small businesses in Hawaii.

In particular, this bill:

- (1) Changes the name of the "Blue Ribbon Task Force on Small Business" to the "Small Business Task Force on Regulatory Relief";
- (2) Expands the mission and functions of the Task Force; and
- (3) Makes the Task Force permanent.

Your Committee finds that Hawaii's small businesses are essential in helping to maintain the State's economic development and growth. Despite their importance to the well-being and stability of the State's economy, however, small businesses are currently over-regulated and burdened by bureaucratic red tape, fees, taxes, and other costs of doing business in Hawaii. Your Committee agrees with the intent of this bill, and finds that the Task Force fulfills an important role in identifying those existing and proposed laws that act as barriers to the formation, operation, and expansion of small businesses in Hawaii.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 103, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1571 (Joint) Health and Environment and Ways and Means on H.B. No. 1690

The purpose of this bill is to exempt the Hawaii health systems corporation from deposit requirements of the interagency federal revenue maximization revolving fund and to appropriate funds to the Departments of Education, Human Services, and Health to pay expenses associated with the fund related to the recovery of federal fund reimbursements.

This bill makes an exception to the depository requirements of the interagency federal revenue maximization revolving fund for proceeds collected for services provided by the Hawaii Health Systems Corporation.

This bill also appropriates \$425,000 to each of the Departments of Human Services and Health, and \$200,000 to the Department of Education to pay for expenses related to the revenue maximization project. These appropriations will allow the departments to continue with the program, which has been an effective tool at maximizing federal revenues to the State.

To facilitate further discussion on the funding necessary to carry out the purposes of this measure, your Committee has amended this bill by replacing the sums appropriated with blank amounts.

As affirmed by the record of votes of the members of your Committee on Health and Environment and Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1690, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1690, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 13. Noes, none. Excused, 1 (Chun Oakland).

SCRep. 1572 Ways and Means on H.B. No. 1841

The purpose of this bill is to streamline functions of the State Health Planning and Development Agency (SHPDA) and allow the agency to evolve from one that is designed for a fee-for-service health care environment to one that is adaptable to a managed care environment.

Specifically, this bill:

- (1) Provides a definition of "primary care clinic" and clarifies that these facilities are limited to clinics for outpatient services, and do not include health care facilities such as hospitals, that provide inpatient health care services;
- (2) Removes the list of facilities included in the definition of "organized ambulatory health care facility", thereby allowing SHPDA to differentiate between the private practice of medicine and organized ambulatory health care facilities;
- (3) Deletes the requirement that SHPDA prepare and execute an annual implementation plan that guides SHPDA in achieving the system of care envisioned in the state health services and facilities plan;

- (4) Specifies that SHPDA has as a principal function, the responsibility for promoting accessibility for all people of the State to quality health care services at reasonable cost;
- (5) Clarifies the type of information that providers of health care are required to provide SHPDA;
- (6) Requires SHPDA to publish in a newspaper of general circulation, a legal notice of the administrative review of applications received by SHPDA;
- (7) Allows interested persons to request a public meeting before SHPDA renders its decision on applications;
- (8) Reduces from thirty days to ten working days, the amount of time a person may request SHPDA to reconsider its decision;
- (9) Establishes a fine of up to \$2,000 for any one who violates the requirements for a certificate of need; and
- (10) Expands the exemptions from the requirement for certificates of need.

Your Committee finds that the cost control functions of SHPDA were originally assigned when SHPDA was first created by the federal government in response to rising Medicare costs. At that time, providers were reimbursed by Medicare on a "cost plus" basis. Assured of adequate reimbursement, providers were able to add services that might otherwise not have been cost effective. When Medicare moved to a flat reimbursement rate for "diagnostic related groups", the federal government removed its requirement for state health planning and development agencies. Some states, including Hawaii, decided to continue the agencies with state funds.

Since that time, the health care delivery system has undergone considerable change. "Coordinated care" controls utilization through a "gatekeeper" physician responsible for providing primary care services and arranging for specialist and inpatient care as appropriate.

Another trend is the building of networks with the capacity to deliver the full continuum of health care services. This trend began with health maintenance organizations which provide insurance plans and arrange for direct delivery of health care services. "Preferred provider" networks have been created by insurers who are able to offer providers patient volume in return for discounts. A more recent trend is "provider sponsored networks" where providers cooperate together to market their services directly to employers, as well as Medicare and Medicaid.

Capitation of providers who deliver health care services is another growing factor. Providers are paid a set fee per enrollee, a strong disincentive to providing unnecessary services. These trends have helped to limit traditional fee-for-service costs. An even more recent phenomenon has been the creation of large national chains of providers that control costs through the economy of scale of their operations.

In light of these changes, your Committee feels that it is appropriate to shift SHPDA's focus from cost control to access. This is especially important for the rural areas of Oahu and the neighbor islands where smaller populations limit marketplace competition.

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

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1841, H.D. 3, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1841, H.D. 3, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1573 Ways and Means on H.B. No. 1618

The purpose of this bill is to permit the Director of Human Resources Development to use professionally recognized techniques in classifying employees.

The bill would also allow pricing and repricing to be negotiable at the request of the exclusive bargaining representative.

Your Committee finds that the current employee classification system was developed from a model in the 1930s. Since that time, modern human resource management techniques provide for a variety of classification techniques that offer advantages in timeliness, appropriateness, and flexibility. This bill also provides that the pricing and repricing of classification and reclassification shall be subject to collective bargaining and the request of the affected unions. Your Committee finds that union-generated discussion on this matter is a fair topic for the collective bargaining table.

Your Committee has amended this bill by requiring the Director of Human Resources Development to report on efforts to revise the classification system to the Legislature by November 1, 1997.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1618, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1618, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1574 Ways and Means on H.B. No. 1625

The purpose of this bill is to re-establish the state Advisory Commission on Employment and Human Resources, the Tourism Training Council, the Job Training Coordinating Council, and the Job Service Employers Committee as the Workforce Development Council.

Your Committee believes that the consolidation of the councils, commission, and committee into a single council makes for leaner and more efficient government. Your Committee intends that the consolidation will minimize government spending and reduce the State's budget over the long term.

Your Committee has amended this measure by correcting a minor statutory textual error in amended section 305A-4, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1625, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1625, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Tam, Anderson).

SCRep. 1575 Ways and Means on H.B. No. 1721

The purpose of this bill is to establish separate financial assistance programs for needy families and individuals in the State.

Your Committee finds that the changes proposed in this measure are necessary to bring the State's financial assistance programs in line with current federal welfare requirements. This bill amends the Hawaii's social services law in accordance with the requirements specified in the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Your Committee has amended this bill by making several technical amendments to correct various errors in drafting.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1721, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1721, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Anderson).

SCRep. 1576 Ways and Means on H.B. No. 1591

The purpose of this bill is to establish, as permanent programs, the Hawaii state clearinghouse for missing children and the Hawaii missing children's clearinghouse trust fund, as a separate fund of the Hawaii Justice Foundation, to address the problem of missing and exploited children in Hawaii.

Your Committee finds that the clearinghouse was created by Act 246, Session Laws of Hawaii 1994, as a three-year pilot project, slated to sunset June 30, 1997. During its first two years, the clearinghouse has assisted in the recovery of more than one hundred fifty children through a private-public sector partnership. In addition to locating and recovering missing children, the program also educates the public about ways to prevent child abduction, molestation, and sexual exploitation.

Since its inception, the clearinghouse has leaped from a program with few resources to a program emulated by other states and has led the way in employing advanced technology and a centralized database with information about all missing children within Hawaii. Your Committee notes that forty-nine states and the District of Columbia have now established state clearinghouses.

Your Committee finds that the success of the pilot program warrants its permanent adoption in Hawaii.

Upon further consideration, your Committee has amended this bill by deleting its contents and substituting the contents of S.B. No. 1269, S.D. 2, which is the Senate vehicle for establishing a permanent clearinghouse for missing children. Your Committee notes that the substantive provisions of the Senate version are virtually identical to House's version, except that the amount to be appropriated is \$1 instead of \$2.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1591, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1591, H.D. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1577 Ways and Means on H.B. No. 728

The purpose of this bill is to amend the conveyance tax law to exempt certain transfers of real property from the conveyance tax.

Your Committee finds that certain transfers, such as those that convey property from an individual to a business entity wholly owned by the transferor, are not the type of transfers meant to be covered by the conveyance tax. In these situations, the imposition of a tax is not warranted. Your Committee further finds that the language of one of the proposed exemptions, which would exempt transfers that change the identity or form of ownership without changing the beneficial ownership, is too vague and would exempt a broad range of unintended types of transfers, such as transfers between corporate subsidiaries, that should be subject to the conveyance tax.

Your Committee has amended the bill by:

- (1) Removing the exemption for property in which the identity or form of ownership changes without changing the beneficial ownership;
- (2) Specifying that the transferor must be an individual person; and
- (3) Including transfers to limited liability companies.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 728, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 728, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1578 (Majority) Ways and Means on H.B. No. 979

The purpose of this bill is to increase the cigarette excise tax.

Specifically, this bill increases the cigarette excise tax from 3.00 to 3.50 cents per cigarette after June 30, 1997, and from 3.50 to 4.00 cents per cigarette after enactment of federal legislation requiring military installations to purchase cigarettes in Hawaii in a manner similar to that required of alcoholic beverages under federal law. The bill also: provides for the identification of tax-exempt cigarettes, restriction on their sale or re-sale, and penalties for such sale or re-sale; adds a definition of "manufacturer" of cigarettes and amends the definition of "cigarette"; and requires that the license of any wholesaler or dealer to sell cigarettes clearly state whether or not the licensee is authorized to sell tax-exempt cigarettes.

Your Committee received testimony from the Departments of Health, Taxation, and Budget and Finance in support of the intent of the bill but which expressed a preference for the higher tax rate of 5.50 cents per cigarette contained in S.B. No. 927, S.D. 1. Testimony was also received from the American Lung Association, the American Heart Association -- Hawaii Affiliates, the Hawaii Medical Service Association, and one individual expressing support for a 5.00 cents per cigarette tax. Testimony in opposition to the bill was received from the Tobacco Institute and Hawaii Smokers' Rights. Informational testimony was received from the American Cancer Society, the Tax Foundation of Hawaii, and one individual.

Your Committee finds that a higher tax rate on cigarettes is warranted. Accordingly, your Committee has amended this bill by deleting the purpose section and the amendment to the definition of "cigarette", and replacing the contents of this bill that amend the cigarette and tobacco tax rates with the contents of S.B. No. 927, S.D. 1. The following provisions of the bill are retained:

- (1) Section 2 of the bill providing for the identification of tax-exempt cigarettes, restriction on their sale or re-sale, and penalties for such sale or re-sale;
- (2) Part of section 3 of the bill adding a new definition of "manufacturer"; and
- (3) Section 4 of the bill requiring that the license of any wholesaler or dealer to sell cigarettes clearly states whether or not the licensee is authorized to sell tax-exempt cigarettes.

Consequently, the tax on cigarettes is amended to increase to 5.50 cents per cigarette and the tax rate for tobacco products is amended to increase from forty to fifty per cent of the wholesale price of each article. Your Committee also deleted additional increases pending federal legislation, which never materialized, relating to purchases of cigarettes by military installations in Hawaii.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 979, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 979, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, 1 (Anderson). Excused, none.

SCRep. 1579 Ways and Means on H.B. No. 1639

The purpose of this bill is to conform Hawaii's Income Tax Law to recent changes made to the federal Internal Revenue Code.

Your Committee has deleted the contents of this bill and inserted those of S.B. No. 1316, S.D. 2, which contains a number of provisions that are similar to this measure. Both measures make an amendment to generally accept the federal Internal Revenue Code as of December 31, 1996, including provisions enacted in the Small Business Job Protection Act.

Your Committee has modified the contents of S.B. No. 1316, S.D. 2, by retaining the operating limitations to section 213, Internal Revenue Code with regard to long-term care insurance contract premiums which was contained in this measure as received.

As amended, this measure also includes provisions limiting medical savings accounts as allowed in section 220 of the Internal Revenue Code, and incorporates the inclusion of section 584 of the Internal Revenue Code, as suggested by the Hawaii Banking Association.

The Department of Taxation reported that the allowance for the deduction of long-term care expenses and insurance premiums under Internal Revenue Code section 213, would result in an estimated revenue loss of \$14,700,000 per fiscal year. Your Committee finds that limiting the operation of the Internal Revenue Code section 213, is therefore critical to preserving scarce state revenues, and is necessary to help balance the State's revenue requirements.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1639, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1639, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Tam).

SCRep. 1580 Ways and Means on H.B. No. 1646

The purpose of this bill is to provide emergency funding for the new integrated tax information management systems.

Your Committee finds that unexpended funds appropriated and designated in 1995 by Section 89, Act 218 were not properly carried over in 1996 for fiscal year 1996-1997 for the tax department's use for its information management systems, causing the unexpended funds to lapse at the end of fiscal year 1995-1996.

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

Upon further consideration, your Committee has amended this bill by changing the appropriated sum to an unspecified amount to permit renewed scrutiny of all appropriations in light of current budgetary constraints.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1646, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1646, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1581 (Majority) Ways and Means on H.B. No. 1648

The purpose of this bill is to allow the Department of Taxation to accept remittances by credit or debit card, and to allow the Department to charge a service fee for this use.

Your Committee received testimony in favor of this measure from the Department of Taxation. Informational testimony was received from the Tax Foundation of Hawaii.

Your Committee finds that allowing the Department to accept payments by credit or debit card will allow the Department to automate tax and fee collection, thereby reducing labor and operating expenses as well as the risk of loss associated with returned checks. This bill will also enhance taxpayer compliance and generally improve taxpayer services and assist businesses.

Upon further consideration, however, your Committee finds that no service fees should be charged by the Department in accepting debit cards. Despite the convenience of these cards, your Committee finds that it is questionable whether taxpayers will use such a payment method for which they are charged a fee when they may use other methods for free. Your Committee finds that the combined benefits to the State, as well as to businesses and other taxpayers, in permitting the use of debit cards free of charge outweighs the maintenance and other fees involved. Your Committee has therefore amended this bill to prohibit the imposition of service fees in accepting debit cards only. The Department may, however, charge a service fee in accepting credit cards for remittances to the Department.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1648, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1648, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, 1 (Anderson). Excused, none.

SCRep. 1582 Ways and Means on H.B. No. 351

The purpose of this bill is to establish a permanent permit process task force within the Department of Business, Economic Development, and Tourism, to streamline and facilitate the state permit approval process.

Your Committee received testimony from the Department of Health in support of the intent of the bill but recommending amendments. Your Committee also received testimony from the Department of Business, Economic Development, and Tourism in connection with a proposed S.D. 2 draft which would replace the contents of the bill with a measure to privatize the Hawaii film studio. The Department of Business, Economic Development, and Tourism testified in support of the concept of privatization but opposed the privatization of the Hawaii film studio at this time. The Department of Land and Natural Resources submitted testimony deferring to the Department of Business, Economic Development, and Tourism on the issue of privatization of the Hawaii film studio.

Your Committee has amended this bill by replacing the contents of this bill with a measure to privatize the Hawaii film studio. Specifically, the amended bill requires the Department of Accounting and General Services to work with the Department of Business, Economic Development, and Tourism and the Department of Land and Natural Resources to sell the Hawaii film studio and to lease the underlying property on a long-term basis to a private entity or entities by issuing, no later than twenty days prior to the convening of the regular session of 1998, a general request for proposals consistent with chapter 103D, Hawaii Revised Statutes. The Department of Accounting and General Services is also required to report to the legislature the details of the request for proposals upon their issuance. Furthermore, an award may be made and a contract may be entered into with the responsible bidder whose proposal is determined in writing to be the most advantageous to the State, taking into consideration price and evaluation factors set forth in the request for proposals. Finally, the amended bill retains the film industry branch of the Department of Business, Economic Development, and Tourism whose staff are to be relocated to appropriate office space within the department.

Your Committee finds that the continuing economic instability facing Hawaii requires that all areas of state government be managed efficiently so that limited resources may best be utilized. Many government services and programs may be performed more cost-efficiently and effectively by the private sector through privatization. Your Committee further finds that the sale and lease of the Hawaii film studio, while retaining the film industry branch within the Department of Business, Economic Development, and Tourism, is both economically feasible and appropriate, and will foster more responsible and accountable government, reduce bureaucracy, and streamline the administrative operations of the department.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 351, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 351, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1583 Ways and Means on H.B. No. 1006

The purpose of this bill is to add a student as a member of the University of Hawaii Board of Regents.

This is accomplished by increasing the Board's membership from eleven to twelve, and requiring that one member be a student. The student member will serve for two years and be precluded from participating in personnel matters.

Your Committee has amended this measure by removing the proviso that the student board member not participate in personnel matters, such as voting on personnel issues. Your Committee has also made a conforming amendment by repealing the Board's authority to appoint an ex officio student member to serve on all standing committees except personnel relations.

Your Committee believes that a student voice on all matters pertaining to the internal organization and management of the university is essential to the successful operation of a world class university. Thus, a student member must have voting rights and be able to exercise them in all standing committees. Your Committee also believes that this bill renders obsolete the existing statutory requirement regarding board appointment of an ex officio student member. Thus, it should be repealed. In effect, this bill converts the ex officio student member appointed by the Board into an additional full-fledged board member appointed by the Governor.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1006, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1006, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Tanaka).

SCRep. 1584 Ways and Means on H.B. No. 1656

The purpose of this bill is to repeal the law requiring the first \$1,000,000 of tuition collected by the University of Hawaii to be deposited in the state treasury to the credit of the Hawaii opportunity program in education (HOPE) special fund.

Your Committee finds that the HOPE special fund was established in 1990 to provide funds to award scholarships for the University of Hawaii to financially needy students with priority given to students from ethnic groups that were under-represented in the student population of the University.

Your Committee also finds that this bill is consistent with the intent of Act 161, Session Laws of Hawaii 1995, which eliminated statutorily-mandated tuition waivers and authorized the Board of Regents to grant, modify, and suspend tuition waivers in order to provide the University of Hawaii with more administrative and budget flexibility with the intent that the University should be more directly involved in determining how its revenues were expended. In keeping with this delegation of authority, your Committee believes that the Board of Regents-- rather than the Legislature--is ultimately responsible for ensuring equal access for students who may need financial support in order to gain a college education.

Your Committee has amended this bill by:

- (1) Repealing the Hawaii opportunity program in education (HOPE) special fund and, consequently, the HOPE program;
- (2) Requiring the President of the University of Hawaii to transfer to the credit of the University of Hawaii tuition and fees special fund, all unexpended or unencumbered balances remaining in the HOPE special fund; and
- (3) Requiring the Board of Regents of the University of Hawaii to report on the number of tuition waivers and scholarships granted to financially needy students from ethnic groups that are under-represented in the student population of the University.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1656, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1656, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Tanaka).

SCRep. 1585 Ways and Means on H.B. No. 1593

The purpose of this bill is to allow state and county purchasing agencies, upon default of a contractor, to accept moneys in satisfaction of the performance surety's obligation on its bond, and to require these moneys and the interest earned thereon to be used for the completion of the contract.

Specifically, this bill:

- (1) Deems the abovementioned moneys to be trust moneys and requires them to be deposited into a trust account with, and under the control of, the purchasing agency;
- (2) Requires any excess moneys, upon completion of the contract, to be deposited in the general fund unless otherwise restricted.

In addition, this bill exempts from the Hawaii Public Procurement Code, contracts by governmental bodies to procure goods, services, or construction necessary to complete a contract when, upon default of a contractor, the purchasing agency has accepted moneys in satisfaction of the performance surety's obligation on its bond.

While your Committee believes that the public's interests will be served by allowing purchasing agencies to accept moneys for broken contracts in satisfaction of the performance surety's obligation on its bond, it does not believe that the public's interests will be served by exempting procurements to complete these broken contracts from the Hawaii Public Procurement Code.

Your Committee has amended this bill by deleting the provision exempting from the Hawaii Public Procurement Code, contracts to procure goods, services, or construction to complete a contract when the purchasing agency has accepted moneys in satisfaction of the performance surety's obligation on its bond.

As affirmed by the record of votes of the members of your Committee on Ways and Means 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 Third Reading in the form attached hereto as H.B. No. 1593, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1586 Ways and Means on H.B. No. 1087

The purpose of this bill is to appropriate funds to the Department of Public Safety for the transfer of inmates committed to Hawaii's state correctional facilities to facilities outside of the State.

Your Committee finds that this bill will help to reduce overcrowding in the State's correctional facilities, three of which are currently operating under a federal consent decree. Your Committee finds that transferring those inmates who agree to be transferred outside of the State to serve the remainder of their sentences will assist the Department in complying with the population restrictions imposed under the federal consent decree.

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

- (1) Changing the amount of the appropriation from \$5,000,000 to \$982,934 for fiscal year 1996-1997, rather than fiscal year 1997-1998;
- (2) Adding a lapsing provision as section 3, and renumbering the remaining sections accordingly; and
- (3) Changing the effective date of the bill from July 1, 1997, to upon its approval.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1087, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1087, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1587 Ways and Means on H.B. No. 1188

The purpose of this bill is to appropriate funds for a "Crime in Hawaii" symposium composed of representatives from federal, state, county, community, and private organizations assembled to discuss crime prevention, crime reduction, and public safety.

Your Committee finds that substantial concern over Hawaii's increasing crime rate warrants a forum in which to develop a comprehensive and unified approach to discussing crime-related problems and devising solutions. Your Committee further finds that this symposium is designed to assemble law enforcement and community groups to identify the major players in various criminal activities affecting Hawaii, as well as to educate the public about the types of crime prevention and public safety programs currently available. Furthermore, it is the intent of your Committee that the symposium provide a forum to foster networking and collaboration among the participants to facilitate: identifying and prioritizing areas of concern under the rubric of "crime in Hawaii"; identifying and eliminating inefficient redundancies; and pooling and streamlining ideas and assets in the fight against crime.

Your Committee has amended this bill by changing the unspecified amount appropriated to \$1 to facilitate continuing discussion on this matter.

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

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1588 Ways and Means on H.B. No. 33

The purpose of this bill is to establish a transportation improvement special fund to pay for the costs of carrying out qualified transportation projects.

This bill has been utilized to serve as a vehicle to address an issue of more immediate concern to the members of your Committee. Your Committee has amended this bill by deleting the entire text of the measure and inserting language establishing an airport lease credit program for lessees renting or leasing airport terminal space from the Department of Transportation. The program establishes lease credits for airport lessees based on the number of years the lessee has rented space from the department.

Your Committee finds that assisting lessees renting terminal space at the airport will allow these operations to benefit and prosper economically.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 33, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 33, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 11. Noes, none. Excused, none.

SCRep. 1589 Ways and Means on H.B. No. 1031

The purpose of this bill is to implement the recommendations of the Tax Review Commission regarding the repeal of certain general excise tax exemptions and income tax credits and deductions.

In particular, this bill eliminates the general excise tax exemption for a number of different areas, including Hansen's disease patients; the first \$2,000 in gross income received by blind, deaf, or totally disabled persons; sugarcane producers; intrastate distribution costs for agricultural commodities; Hawaii grown or caught agriculture, meat, or fish being exported abroad; and certain petroleum refiners. The bill also limits the one-half per cent general excise tax rate on the gross income of blind, deaf, or totally disabled persons to only the first \$30,000 per taxable year, with income above that amount taxed at the regular four per cent. Finally, the bill eliminates the income tax credit for child safety seats and the deduction for individual housing accounts established after December 31, 1997.

While your Committee is committed to ensuring meaningful tax reform in Hawaii, your Committee believes that reform measures will be more effectively implemented by deleting the contents of this bill and substituting the contents of the following bills: S.B. No. 208, S.D. 1, Relating to Taxation; S.B. No. 936, Relating to Use Tax on Imported Services; S.B. No. 938, S.D. 1, Relating to Nonresident Income Tax; S.B. No. 940, Relating to Payment of Income Taxes; and S.B. No. 1028, S.D. 1, Relating to Income Taxation. All of the foregoing measures were previously approved by your Committee. The substantive provisions of each of these measures have therefore been included in this bill, as separated into parts.

Accordingly, your Committee has amended this bill to provide the following:

- (1) Part 1 (incorporating S.B. No. 208, S.D. 1) expands the general excise tax exemption for computer software companies for a period of five years by broadening the definition of "computer software" and including sales within the State;
- (2) Part 2 (incorporating S.B. No. 936) imposes a four per cent use tax on services and a one-half per cent use tax on intermediary services that are imported or purchased from an unlicensed seller or unlicensed contractor for use in the State;
- (3) Part 3 (incorporating S.B. No. 938, S.D. 1) amends the income tax law to decrease the allowable standard deduction and personal exemption for nonresidents and part-time residents by imposing taxes on the entire taxable income of nonresidents or part-year residents derived from sources in Hawaii as if the nonresident or part-year resident were a resident, multiplied by the ratio of Hawaii adjusted gross income to total adjusted gross income from all sources;
- (4) Part 4 (incorporating S.B. No. 940) requires the Department of Taxation to grant automatic extensions for the filing of income tax returns in conformance with the Internal Revenue Code;
- (5) Part 5 (incorporating S.B. No. 1028, S.D. 1) implements the recommendations of the Tax Review Commission to increase the standard deduction under the income tax law; and
- (6) Part 6: In addition, this bill adds provisions that would enable the insurance commissioner to release from the litigated claims fund established pursuant to section 40-35, Hawaii Revised Statutes, sums deposited by insurance companies who have challenged the validity of the tax credit authorized by section 431:7-207, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1031, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1031, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 11. Noes, none. Excused, none.

SCRep. 1590 Ways and Means on H.B. No. 1320

The purpose of this bill is to redefine "cooler beverage" under the liquor tax law.

In particular, this bill amends that definition by providing that a cooler beverage means any liquor containing less than seven per cent of alcohol by volume, and deleting the requirement that the beverage be either a wine cooler, or a malt beverage cooler containing beer and added natural or artificial blending material.

Your Committee received testimony in favor of the proposed S.D. 1 version of this measure from the Department of Transportation, with respect to providing tax relief for aircraft maintenance and servicing, particularly concerning the proposed Continental Airlines maintenance facility at the Honolulu International Airport.

Testimony in opposition to the proposed S.D. 1 version of this measure was received from the Department of Taxation, with respect to changing the allowable deduction for business meals and entertainment from fifty to eighty per cent; and from the Distilled Spirits Council of the United States, which opposed the proposed deletion of the cooler beverage provisions from H.B. No. 1320.

Upon further consideration, your Committee has amended this bill by deleting its contents and adding the following:

- (1) Part 1 of the bill adds the substantive provisions of S.B. No. 59 (Relating to Income Tax), which increases the allowable amount of income tax deduction for business meals and entertainment expenses from fifty to eighty per cent. Your Committee finds that increasing this income tax deduction will greatly encourage spending on meals and entertainment for business purposes, as an economic stimulus to Hawaii's economy;
- (2) Part 2 adds language providing that the general excise tax law shall not apply to amounts received from the maintenance and servicing of aircraft, or from the construction of an aircraft service and maintenance facility, and exempts importation of materials, parts, and tools for such maintenance and construction from the definition of "use" under the use tax law; and
- (3) Part 3 adds the substantive provisions of S.B. No. 146, S.D. 2 (Relating to a Transient Occupancy Tax), which levies an occupancy tax on time share units and provides an income tax credit for Hawaii residents who occupy their time share units.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1320, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1320, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1591 Ways and Means on H.B. No. 2060

The purpose of this bill is to appropriate funds for the biennial budget of the Office of Hawaiian Affairs.

Your Committee recognizes the fact that the Office of Hawaiian Affairs is a constitutionally-established state agency, and, as such, is entitled to state funding. However, due to the State's current fiscal situation, all state functions and agencies are coming under heightened financial scrutiny. Your Committee has carefully considered the budget requests submitted by the office and has sought to ensure that critical programs are maintained, while making necessary changes based on the March 1997 Council of Revenues update.

Your Committee has therefore amended this bill by:

- (1) Increasing the trust fund appropriations to meet fringe benefit increases; and
- (2) Reducing the general fund appropriation by \$108,555 for fiscal year 1997-1998 and by \$33,730 in fiscal year 1998-1999 in an effort to meet the requested eight per cent cut in general fund appropriations.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2060, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2060, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1592 Judiciary on H.B. No. 20

The purpose of this bill, as received by your Committee, is to create a statewide graduated driver licensing program for driver's under the age of 18.

Your Committee finds that graduated licensing is a program which has been adopted in other states to address the increasing numbers of serious motor vehicle accidents. However, your Committee has some reservations about the effectiveness of the program when compared with the possible adverse impacts it would have upon young responsible drivers who may need to drive outside of the restrictions imposed by the graduated licensing program.

Thus, upon further consideration, your Committee has amended this bill by creating a new part to be added to chapter 286, Hawaii Revised Statutes that will create a pilot graduated driver license program for the city and county of Honolulu. Your Committee has also amended this measure by:

- (1) Lowering the age of the passenger from 21 to 18 who is required to ride with the driver possessing a learner's permit or an intermediate license;
- (2) Removing the requirement that all passengers in the car must wear safety belts, thus retaining the existing safety belt requirements for front seat passengers only; and

- (3) Providing that the pilot program will begin on January 1, 1998 and sunset on December 31, 2000.

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. 20, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 20, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 1593 Judiciary on H.B. No. 107

The purpose of this bill, as received by your Committee, is to: 1) make proceedings and records of certain law violators open to the public; 2) eliminate the requirement that certain juvenile records be expunged; and 3) require the juvenile's photograph to be made a permanent part of the family court and police records in certain cases.

Your Committee received testimony in support of the measure from the Department of the Attorney General, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Honolulu Police Department, various representatives from the Coalition for Neighborhood Safety, and a private citizen.

The Judiciary submitted comments and the Juvenile Justice Information Committee testified in support of a measure which would allow for the release of information only upon adjudication of the juvenile. The Office of the Public Defender, the Office of Youth Services, and the Adult Friends for Youth opposed this measure.

Your Committee finds that juvenile crime in Hawaii is a growing problem which threatens the safety and security of the community. Your Committee is especially concerned with the escalation of violent and serious crimes committed by Hawaii's youth during the past decade. Your Committee further finds that public safety is threatened when the community remains unaware of the activities of dangerous juveniles. In addition, public confidence in the juvenile justice system is compromised when findings and decisions are made without accountability to the public. Your Committee recognizes that the juvenile justice system in Hawaii was established based upon principles of protecting young persons and allowing them the opportunity to rehabilitate prior to establishing a public record of crime. However, your Committee believes that a juvenile who commits a serious, repeat, or violent offense, should not be afforded such protection and is less likely to be rehabilitated, especially if the juvenile is 16 years of age or older.

Thus, your Committee agrees that a juvenile who is adjudicated for certain types of criminal acts that if committed by an adult would constitute a felony, should not be afforded the protection of confidentiality. Allowing public access to the legal records of this class of juveniles informs the community of dangerous juveniles and holds the family court accountable for its decisions. Your Committee also agrees that removing the shield of confidentiality also sends a message to these juveniles that their actions will be treated seriously.

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

- (1) Limiting access to juvenile records upon adjudication for certain offenses and only for adjudicated juveniles 16 years or older;
- (2) Deleting the provision allowing public access to juvenile proceedings;
- (3) Deleting the provisions allowing for expungement of juvenile records in certain cases;
- (4) Deleting section 846-12, Hawaii Revised Statutes, related to juvenile records which are now addressed under chapter 846D, Hawaii Revised Statutes;
- (5) Allowing access to all legal records, including adjudication data, of certain adjudicated juveniles through the Juvenile Justice Information System;
- (6) Expanding the class of minors included in the Automatic Fingerprinting Identification System (AFIS); and
- (7) Making other technical, nonsubstantive amendments for the 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. 107, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 107, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1594 Judiciary on H.B. No. 111

The purpose of this bill is to create a new class A felony offense known as "continuous sexual abuse of a child", which provides specific circumstances under which sexual abuse of a minor is deemed a continuing offense.

Testimony in support of this measure was received from the Department of the Attorney General, the Office of Hawaiian Affairs, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Honolulu Police Department, and the Hawaii State Commission on the Status of Women. The Office of the Public Defender submitted comments on this measure.

Your Committee finds that public safety demands immediate action against sex offenders who prey on children by taking advantage of their relationship of trust with respect to the minor. According to the latest Hawaii statistics provided by the Crime

Prevention and Justice Assistance Division of the Department of the Attorney General, sexual assault against minors is an offense in which an overwhelming majority of minor victims knew their perpetrator. Even more alarming is the fact that slightly over one-third of all minor victims in Hawaii had an intra-familial relationship with the sex offender.

Your Committee further finds that these types of cases are often difficult to prosecute given that molesters who reside in the same household with children sexually abuse their victim over an extended period of time. The child often has difficulty in remembering or identifying the specific dates on which they were molested, and may even repress the memory of events because they want to forget the incidents involving the loved one or family member.

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

- (1) Changing the title of the offense throughout the bill from "continuous sexual abuse of a child" to "continuous sexual assault of a minor under the age of fourteen years" and other relevant substitutions for consistency with present statutory language;
- (2) Deleting the reference to "not less than three months in duration";
- (3) Substituting the phrase "time frame of the offense charged" for "time period charged"; and
- (4) Making other technical, nonsubstantive changes for the 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. 111, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 111, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 1595 Judiciary on H.B. No. 113

The purpose of this bill is to reclassify certain chemicals and drugs pursuant to corresponding changes in federal law and to add new sections on controlled substances.

Your Committee received testimony in support of this measure from the Department of Public Safety, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Honolulu Police Department, Hawaii Pharmaceutical Association, Hawaii Medical Association, Nonprescription Drug Manufacturers Association, Parents Against Ritalin, and private citizens.

Testimony in opposition to specific provisions of this measure was submitted by Hospice Hawaii, the Ad Hoc Committee on the Safety of Ma Huang, HLR Service Corporation, the American Cancer Society, and dozens of private citizens.

Your Committee finds that the abuse of certain controlled substances for the purposes of facilitating a crime of violence or sexual assault has led the federal government to enact the "Drug-Induced Rape Prevention and Punishment Act of 1996". Your Committee further finds that the increasing frequency of abuse of "date rape" drugs on the mainland and the number of reported cases in Hawaii warrant immediate legislative action.

Your Committee is well aware that all four counties in Hawaii have recently established restrictions on the possession, sale, and cause for sale of Gamma Hydroxibuturate (GHB) containing products in an effort to assist the State in curbing date rape drug abuse until legislation can be passed on a state and federal level. Your Committee further notes that GHB is currently not scheduled in the Hawaii Revised Statutes.

However, your Committee is mindful that the federal government has yet to take action regarding the rescheduling of Flunitrazepam and products containing ephedra. Accordingly, your Committee believes that the development of sound drug policy warrants more research on the part of the federal government as to the harmfulness and abuse of these substances.

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

- (1) Deleting the provisions creating exemptions for products containing ephedra and allowing the Department of Public Safety the authority to exempt products containing ephedra on a case-by-case basis;
- (2) Maintaining Flunitrazepam as a Schedule IV controlled substance;
- (3) Maintaining Hydrocodone as a Schedule III controlled substance provided that it will be monitored by the electronic prescription monitoring program under Chapter 329, Hawaii Revised Statutes; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 113, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 113, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 1596 Judiciary on H.B. No. 116

The purpose of this bill is to allow the suspension of a driver's license for refusal to submit to a breath or blood test upon arrest for driving under the influence, and to establish a "zero tolerance" policy for driving after consumption of alcohol by persons under the age of 21.

Your Committee finds that the increasing numbers of motor vehicle accidents resulting in serious injuries and deaths are a compelling reason to adopt more stringent laws and penalties related to driving under the influence of alcohol or other intoxicating substances. Your Committee further finds that the federal government has recently adopted an amendment to the 1995 National Highway Systems Act which requires all states to enact a "zero tolerance" law by October 1, 1998, and non-compliance with this federal mandate will result in the loss of federal highway funds.

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

- (1) Deleting the seven hour community service requirement in the zero tolerance law which would conflict with a 36 hours of community work requirement; and
- (2) Making technical, nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 116, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 116, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 1597 Judiciary on H.B. No. 233

The purpose of this bill is to enable the Department of Land and Natural Resources to establish rules for persons to carry an unconcealed and lawfully acquired pistol while engaged in hunting game mammals.

Testimony in support of this bill was submitted by the National Rifle Association of America, Lessons in Firearm Education, and four private citizens. Testimony in opposition to this bill was submitted by the Hawaii Firearms Control Coalition, the Department of Land and Natural Resources, and the Honolulu Police Department.

Your Committee finds that there are presently some hunters carrying handguns illegally for the purposes of hunting game mammals. Your Committee further finds that 48 states allow carrying handguns for hunting, and that our prohibition against allowing hunters to use legally registered handguns seems overly restrictive. While your Committee acknowledges the concerns expressed by law enforcement about a possible increase in the number of available handguns, your Committee notes that this measure amends the firearms statute which will allow for prosecution under this more stringent law if a hunter is caught hunting with an unregistered pistol or revolver.

Upon further consideration, your Committee has amended this measure by providing a sunset date of June 30, 2000 to create adequate time to evaluate the effects of this change in the law.

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. 233, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 233, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1598 Judiciary on H.B. No. 392

The purpose of this bill is to amend and clarify the definition of "civil legal services" to also include referral services provided by programs that organize licensed attorneys for the purpose of providing pro bono services to indigent clients.

The Hawaii State Bar Association and Hawaii Lawyers Care support this measure.

Your Committee finds that the indigent legal assistance fund was established to provide an additional source of funding for civil legal services to the poor. Your Committee is mindful that resources for the poor are scarce and continually being cut. Thus, your Committee believes that the organizations which apply for such funding should provide legal counseling, representation, and advocacy for individual cases and client groups.

Further, your Committee is hopeful that qualifying organizations which provide pro bono referral services deliver cost-effective legal assistance in a manner that achieves favorable case outcomes.

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. 392, H.D. 2, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Metcalf, Anderson).

SCRep. 1599 Judiciary on H.B. No. 636

The purpose of this bill is to set forth acceptable tolerances for discrepancies in structures or improvements relative to private property boundaries for various classes of real property.

Testimony in support of the intent of this bill was received from the City and County of Honolulu, title companies, realtors and surveyors.

Your Committee finds that the intent of this bill is to reduce the need to obtain encroachment agreements for de minimus discrepancies in private property boundaries when real property is sold. Currently, no matter how minor the encroachment, an agreement must be obtained prior to the sale of real property, which may delay a transaction for several months. These delays result in a negative domino effect on the sellers, purchasers, lenders, brokers, title companies, and anyone who deals with real estate transactions. Your Committee believes that this bill would mitigate this undesired impact without harming the rights of property owners.

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

- (1) Clarifying language in the purpose section regarding the nature of the problem;
- (2) Designating that the responsibility for maintenance and liability for injury has been specifically associated with improvements within the de minimus discrepancy in order not to affect improvements outside of the scope and intent of this bill;
- (3) Clarifying that the exemption for state lands is limited to subsection 669-B(1) so that appropriate maintenance and liability would apply even on public lands; and
- (4) Providing that encroachments on county property remain subject to county ordinances and procedures, allowing counties to address their concerns regarding notice and removal.

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. 636, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 636, H.D. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1600 Judiciary on H.B. No. 1300

The purpose of this bill, as received by your Committee, is to provide enhanced penalties for repeat offenders convicted of violent offenses.

Testimony in support of this measure was submitted by the Department of the Prosecuting Attorney of the City and County of Honolulu, the Department of the Attorney General, and the Honolulu Police Department. The Public Defender submitted comments on this measure.

Your Committee finds that the offense of murder warrants punishment under the penal code that is sufficient to fit the grave consequences of the crime. Your Committee further finds that persons who are found guilty of conspiracy or solicitation to commit murder should also be penalized to a similarly serious degree. However, two recent Hawaii Supreme Court opinions, State v. Kaakimaka and State v. Soto, have concluded that conspiracy to commit murder and solicitation to commit murder are merely class C felonies. Your Committee acknowledges that these decisions have lead to incongruous sentencing under the present sentencing guidelines of the Hawaii Penal Code. Ordinarily, conspiracy and solicitation are designated the same level of felony offense as the underlying crime, or at the very least, one grade lower.

Your Committee further finds that the property crime rate continues to escalate at a dramatic rate. In terms of theft and larceny crimes, Hawaii ranks number two in the United States. In an effort to deter such criminal activity, your Committee supports the imposition of severe penalties for those who are in receipt of stolen property.

Therefore, upon further consideration, your Committee has amended this measure by deleting its contents and substituting therefor provisions which:

- (1) Upgrade conspiracy to commit murder and solicitation to commit murder to class A felonies to reflect the equally serious nature of these offenses; and
- (2) Impose mandatory fines upon persons convicted of receiving stolen property.

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. 1300, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1300, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 1601 Ways and Means on H.B. No. 1701

The purpose of this bill is to provide for the redevelopment of Barbers Point Naval Air Station.

Specifically, this bill adds a new law for the redevelopment of Barbers Point Naval Air Station. The bill establishes a fifteen-member Barbers Point Naval Air Station Redevelopment Commission to facilitate the redevelopment, with the Director of Business, Economic Development, and Tourism as the chairperson and the county Director of Planning as vice chairperson. The Executive Director of the Hawaii Community Development Authority will serve as the Executive Director of the Commission. Approximately

2,150 acres of land will be designated as the Kalaeloa Community Development District. "Kalaeloa" is the traditional Hawaiian name for the area, which means "long point". Guidelines for the development and a revolving fund are established, and the issuance of general obligation bonds is authorized. Additionally, the Commission, with the approval of the Governor, is also authorized to issue tax-exempt revenue bonds to finance the redevelopment.

This bill appropriates \$250,000 for fiscal year 1997-1998 to provide and accommodate staffing and initiate planning, development, and marketing activities, and requires the City and County of Honolulu to provide \$250,000 additional funding.

Your Committee is aware that many issues regarding the composition of the Commission and its implementation of the redevelopment plan remain to be resolved and believes that further discussion is warranted on this measure.

Your Committee has amended this bill by changing the effective date to July 1, 2000.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1701, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1701, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Ihara, Levin, Tanaka).

SCRep. 1602 (Majority) Ways and Means on H.B. No. 1433

The purpose of this bill is to establish a youth leadership demonstration project for the Hilo-Hamakua-Kohala region of the Big Island to formulate activities and programs to help youth develop the skills and attitudes needed to prevent problems such as drug abuse, gang activity, and teen pregnancy.

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

- (1) Allow school/community-based management system schools and student-centered schools, beginning with the 1999-2000 school year, to prepare and execute their own budgets with training from the Department of Education;
- (2) Require the Department of Education to specifically identify the amount the Department is allocating for school lump sum funding in its annual allotment and expenditure plan submitted to the Governor;
- (3) Require the Department of Education to provide summaries of school-by-school lump sum allotments and department allocated sums with accompanying expenditure requirements in its status report to the Legislature;
- (4) Require the Auditor to conduct a review of all school-based budgeting programs (EDN 100) and to submit recommendations to the Legislature concerning which programs should be eliminated or maintained;
- (5) Allow the University of Hawaii Board of Regents to establish and assess tuition and fees for pupil attendance at the University of Hawaii Laboratory School sufficient to equal costs and to become self-sufficient;
- (6) Establish a University of Hawaii at Manoa Laboratory School tuition and fees revolving fund for the deposit of all revenue collected by the University of Hawaii Laboratory School for tuition, fees charges, and any other charges to students; and
- (7) Lapse to the state general fund, an as yet unspecified amount appropriated to UOH 100 - University of Hawaii, Manoa contingent on:
 - (A) The Board of Regents being allowed to establish and assess tuition and fees for pupil attendance at the University of Hawaii Laboratory School; and
 - (B) The establishment of a University of Hawaii at Manoa Laboratory School tuition and fees revolving fund for charges to students.

Your Committee finds that the intent of Act 168, Session Laws of Hawaii 1995, was to give individual schools the flexibility and autonomy to implement the changes needed to achieve mastery of the State's performance standards. Allowing school/community-based management system schools and student-centered schools to prepare and execute their own budgets, requiring the Department of Education to provide information on lump sum allocations to schools in its annual allotment and expenditure plan to the Governor and its status report to the Legislature, and having the Auditor involved with the review of school-based budgeting programs, will facilitate the intent of Act 168.

Your Committee also finds that the State's continuing fiscal crisis makes it necessary to explore new alternatives for ongoing support of the mission of the University of Hawaii Laboratory School at this time. Providing the Laboratory School with another means of becoming self-supporting is an approach that your Committee believes merits further discussion to ensure the long-term survival of this learning/teaching/research institution.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1433, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1433, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, 1 (Anderson). Excused, none.

SCRep. 1603 Ways and Means on H.B. No. 1731

The purpose of this bill is to give head librarians of community libraries the authority to select books and other library materials for their respective libraries subject to Board of Education policies on types and quantities to be selected, and to the State Librarian's circulation policies.

The bill also provides that any existing contract provisions that are not in compliance with this Act are void except for those contracts which require an extension beyond the effective date of this Act to comply with federal law, but payment is not precluded for goods or services actually and properly performed under the contract before its becoming void.

Your Committee believes that allowing head librarians rather than an out-of-state contractor to select books will result in the local library clientele getting the kinds of books they want to read.

Your Committee has amended this bill to delete the language excepting the voiding of contract provisions when required to be extended beyond the effective date in order to comply with federal laws or orders. Your Committee feels that since it is clear that the State will pay for any material delivered or service performed before the effective date of this Act, and further, that the federal government is not a party to the library's book contract, the exception is unnecessary.

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

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 11. Noes, none. Excused, none.

SCRep. 1604 Ways and Means on H.B. No. 1904

The purpose of this bill is to transfer custody of federal land-grant aid moneys from the state Director of Finance to the University of Hawaii, and designates the University's Board of Regents as custodian.

Your Committee finds that the transfer of custody of land grant moneys as provided by this bill will enhance the financial strength of the University while still adhering to the spirit of the original intent of Congress when it established a perpetual endowment fund for land grant colleges. By crediting all income earned by the funds for use by the University, trust funds can grow and benefit all segments of the University community.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1904, H.D. 3, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1605 Ways and Means on H.B. No. 1686

The purpose of this bill is to incorporate amendments to chapters 42 and 103D, Hawaii Revised Statutes, to address concerns raised by the Konno, et al. v. County of Hawaii, et al. case.

The bill also changes the procurement policy office into a procurement policy board, and incorporates technical amendments requested by the State Procurement Office.

Your Committee has amended this bill by removing its contents and inserting the H.D. 1 version with two other additions, including:

- (1) Provisions relating to consequences for contractors who fail to provide tax clearances in subsection (c) of the new section being added by section 1 of the bill; and
- (2) The amendments to section 103D-310, Hawaii Revised Statutes, in section 9 of the bill.

The contents of the H.D. 1 version exclude the amendments relating to the Konno decision but are substantially the same as the rest of the S.D. 1 version. Specifically, as amended, this bill retains the following provisions:

- (1) Providing that no contract under the procurement code is effective until the purchasing agency receives a tax clearance for the contractor;
- (2) Giving a preference, on public works projects, to contractors with specified tax payment histories;
- (3) Changing the procurement policy office into a procurement policy board;
- (4) Extending the more relaxed standards for small contracts from those for \$10,000 or less to those for \$25,000 or less; and
- (5) Making certain changes to the Hawaii products preferences law.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1686, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1686, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 9. Noes, none. Excused, 2 (Ihara, Levin).

SCRep. 1606 Ways and Means on H.B. No. 1796

The purpose of this bill is to remove the restriction that infrastructure bonds issued by the Housing Finance and Development Corporation be payable only from the revenues derived from the sale of the lands serviced by the infrastructure bonds.

This bill also allows the Corporation to issue infrastructure bonds whose discounted value exceeds ten per cent of the issue.

Your Committee finds that this measure is necessary to expedite infrastructure development on the 500-acre former West Oahu campus site and the approximately 800-acre East Kapolei site. Deeply discounted bonds assure an immediate supply of capital to build the infrastructure. Allowing the Corporation to repay those bonds from sources other than the sale of the lands gives the Corporation the option of repaying the infrastructure bonds in the form of either an annuity or a lump sum future payment. The present law effectively restricts the Corporation to the second alternative, that of making a future lump sum payment of principal and accumulated interest. Restricting the source of payments on the infrastructure bonds to revenues derived from the future sale of the developed land creates a lag period between the bond issue and the sale of the land during which no bond repayments are possible.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1796, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1607 Ways and Means on H.B. No. 1838

The purpose of this bill is to develop procedures to facilitate the conduct of voluntary and timely responses to hazardous substance releases and threats of releases by providing relief from liability to eligible persons who conduct adequate voluntary response actions.

Among other things, this bill amends the definition of "owner" and "operator" to exclude a person who, without participating in the management of a regulated vessel or facility, holds indicia of ownership primarily to protect the person's security interest in the same.

This bill also authorizes the Department of Health to:

- (1) Develop, review, approve, and disapprove an accreditation program for specially trained persons pursuant to the Residential Lead-Based Paint Hazard Reduction Act of 1992, Public Law 102-550; and
- (2) Regulate lead inspectors, lead risk assessors, lead abatement workers, lead abatement supervisors, and lead abatement project designers.

Your Committee finds that many developers, lenders, potential property buyers, and potential responsible parties are reluctant to purchase, lend money for, or develop properties that may be contaminated by hazardous substances, pollutants, or contaminants because of liability concerns and the use of joint and several liability to hold "deep pockets" responsible for environmental clean-up costs. Too many sites remain contaminated for too many years because lawyers, regulatory agencies, and potential responsible parties are interested only in affixing blame for the hazardous substance releases and, consequently, financial liability for the costs of clean-up.

Your Committee finds, however, that many developers, lenders, and prospective purchasers would be willing to clean up properties voluntarily if they are not considered an "owner" or "operator" of a regulated facility under the State's environmental response law, chapter 128D, Hawaii Revised Statutes. This bill represents a substantial evolution in thinking on the part of lawmakers, regulatory agencies, environmental groups, and businesses because it places the goal of the State's environmental response law--maintaining a clean and safe environment for the people of Hawaii--where it should be, ahead of the means for attaining this goal.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1838, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Kawamoto, Tam).

SCRep. 1608 Ways and Means on H.B. No. 133

The purpose of this bill is to clarify workers' compensation coverage for students in work-based learning situations.

Your Committee finds that, while the Legislature attempted to address the issue of student employment as part of the educational process by providing that the State shall be considered the responsible employer for purposes of the workers' compensation law, further clarification is needed. This bill changes the term "vocational student internship" to "school-to-work work-based learning", adds the University of Hawaii as a sponsor of such programs, and states that the State is the responsible employer whether or not the position is a paid one.

Your Committee notes that Hawaii is expected to receive over \$10,000,000 in federal assistance over a five-year period under the School-To-Work Opportunities Act. The State should ensure that this issue is fully addressed in order not to have a negative impact on receipt of those funds.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 133, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Anderson).

SCRep. 1609 Ways and Means on H.B. No. 1086

The purpose of this bill is to establish a program to provide agricultural work opportunities to welfare recipients, unemployed persons, displaced workers, economically disadvantaged, or persons whose welfare benefits have expired but who remain unemployed.

Your Committee finds that the provisions of this bill are in line with the current movement towards reducing the number of people on welfare and encouraging all able bodied individuals to work instead on depending on government assistance. People on this program will learn the skills needed to become successful farmers, while learning good work habits, and contributing to the economic development of the State. The people of the State will benefit from this new workforce and the products grown in otherwise underutilized lands.

Your Committee has amended this bill by assigning the lead responsibility to the Department of Agriculture and making the Department of Labor and Industrial Relations and Department of Human Services the participatory agencies. Your Committee believes that the Department of Agriculture is the appropriate lead agency because of its technical expertise, its past experience in the field, and its contacts in all aspects of horticulture, pest control, plant nutrition, and the like. Your Committee understands that the program participants will be located through programs operated by the Department of Labor and Industrial Relations and Department of Human Services, but the new skills and knowledge must come from the technical agency, which is the Department of Agriculture. Upon successful completion of this program, it is expected that the program participants will move off the welfare and unemployment rolls into being productive citizens. At that point, their main future contact will be with the Department of Agriculture and its related subprograms. Therefore, for long term progress and success, the Department of Agriculture should be the lead agency.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1086, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1086, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Tam).

SCRep. 1610 Ways and Means on H.B. No. 1798

The purpose of this bill as received by your Committee is to require the Employee Retirement System board to release records on its retirees and beneficiaries to the Health Fund, to allow the Fund to make direct deposits into the pensioner's bank account and save postage costs.

Your Committee replaced the contents of the bill with a proposed Senate draft to address policy questions presented by the Supreme Court's recent decision in Konno v. County of Hawaii, 84 Haw. ____, (decided February 28, 1997), invalidating the privatization of county landfill operations on the Big Island under Article XVI Section 1 of the Constitution of the State of Hawaii.

Your Committee held a hearing on the proposed Senate draft and received testimony in support of the intent of the measure from the Judiciary, the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, and Hawaii Island Contractors' Association. The Department of the Attorney General, the Department of Human Resources Development, the City and County of Honolulu Department of the Corporation Counsel, the County of Hawaii Office of the Corporation Counsel, Department of Civil Service, and Department of Public Works, the County of Kauai Office of the County Attorney and Department of Water, the County of Maui Department of the Corporation Counsel, Waste Management of Hawaii, Inc., AIA Hawaii State Council, the Building Industry Association of Hawaii, the Rehabilitation Facilities of Hawaii, Goodwill Industries of Honolulu, Inc., Opportunities for the Retarded, Inc., Kona Krafts, Jas. W. Glover, Ltd., Consulting Engineers Council of Hawaii, Contractors Association of Kauai, Hawaii Water Environment Association, Pacific Geotechnical Engineers, Inc., KFC Airport, Inc., and the Research Center of Hawaii submitted testimony in opposition.

Your Committee finds that the policy questions presented by the Konno case are complex, and that any legislative resolution of the questions will affect a wide range of interests and public contracts, including the state and county governments, their past, existing, and future contracts with private sector providers of construction, services, and goods; on private industry, small businesses, and individual providers of services; and on public employees and their respective bargaining representatives. The numerous testimonies received on the proposed Senate draft have made it clear that there is a need to address the policy questions soon, but with legislation that will address the complex needs of government contracting, the private sector providers of public services, and public employees and their representatives without undermining the programs and goals of the others.

Upon further consideration, your Committee has amended the proposed Senate draft to establish a one-year moratorium during which courts of competent jurisdiction are prohibited from enjoining the implementation of public contracts, invitation for bids, and requests for proposals for public contracts on grounds that the contracts are contrary to the merit principles under chapters 76 and 77, Hawaii Revised Statutes. The bill also excludes from the moratorium pending litigation in administrative agencies and the courts relating to chapters 76, 77, and 89, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1798, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1798, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 3 (Kawamoto, Levin, Anderson).

SCRep. 1611 Ways and Means on H.B. No. 1641

The purpose of this bill is to expand the Director of Taxation's authority to pursue delinquent out-of-state taxpayers.

The bill also authorizes the Director to contract with accountants, auditors, attorneys, and other persons for the purposes of assessment, enforcement, or collection of taxes.

Your Committee received testimony in favor of the measure from the Department of Taxation, Department of the Attorney General (with amendments), the Electrical Contractors Association of Hawaii, the International Brotherhood of Electrical Workers, Local Union 1186, Hawaii Construction Industry Association, Subcontractors Association of Hawaii, Building Industry Association of Hawaii, Plumbers and Fitters Local 675, and the General Contractors Association of Hawaii. The Tax Foundation of Hawaii presented informational testimony.

Your Committee finds that this bill, by expanding the type of delinquent taxpayer that may be pursued out-of-state and authorizing the use of accountants, auditors, and attorneys, will allow the Department of Taxation to pursue more effectively both local and mainland delinquent taxpayers, including out-of-state contractors who escape state taxes because of their out-of-state location.

Your Committee has amended this bill by:

- (1) Deleting the language concerning a collection agency at page 1, lines 11 through 16, and adding bonded collection agencies and licensed attorneys to the language authorizing the retaining of accountants, auditors, and attorneys for purposes of consistency and clarity; and providing for similar language to section 231-26, Hawaii Revised Statutes, at page 4;
- (2) Clarifying that the Department of Taxation may retain such individuals to pursue delinquent taxes owed to the State, notwithstanding any other provision of law limiting the hiring of attorneys by state departments and agencies;
- (3) Deleting the language at page 2, lines 4-6, authorizing that the payment (but not the rate) of the hourly compensation may be made contingent upon collection of taxes and inserting, in its place, language stating that "all compensation shall be payable out of the taxes recovered for the State, unless otherwise determined by the director";
- (4) Providing that the contingent fee arrangement for compensation shall not apply to auditors and accountants; and
- (5) 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 Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1641, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1641, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1612 Ways and Means on H.B. No. 1799

The purpose of this bill is to streamline the payment process involving the issuance of checks drawn from the Director of Finance's demand deposit accounts by easing endorsement requirements.

Your Committee has amended this bill by removing its contents and replacing them with substantially identical contents as found in S.B. No. 623, S.D. 2. The bill, as amended, now repeals certain state special and revolving funds, and changes the revenues sources for the programs affected to the state general fund. Your Committee has also provided that the rental motor vehicle and tour vehicle surcharge tax be changed to undetermined sums and be remitted to the general fund for the period between July 1, 1997, to June 30, 1999.

Your Committee finds that reports by both the Auditor and the Legislative Reference Bureau recommend a reduction in the number of special and revolving funds. Your Committee notes that the practice of using special and revolving funds segregates state moneys into untouchable pockets that may not be necessary for the programs to which they are attached, yet are unavailable for other programs in the State that desperately need more resources. This bill will abolish a variety of special and revolving funds without affecting the programs, which will instead be funded by revenues from the general fund. This practice will allow all programs to be funded on a rational basis, and provide much-needed flexibility in the budgeting process, and promote effective legislative oversight.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1799, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1799, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Tam).

SCRep. 1613 Ways and Means on H.B. No. 350

The purpose of this bill is to provide appropriations for the executive branch for the fiscal biennium 1997-1999.

OVERVIEW

Since statehood, Hawaii has experienced unparalleled growth in all areas---population, jobs, and economic growth. Because of its geographic location, Hawaii has always and will continue to be interdependent on outside resources to provide for its people and economy.

After the "boom" years of the 1970s and '80s, Hawaii is currently in the midst of fiscal and economic restructuring. Hawaii's economy is directly affected by changes in the economies of the U.S. Mainland and Japan. Recent fluctuations in Japan's economy have affected the tourism industry which is the State's primary economic engine. As a result, Hawaii's overdependence on the sluggish tourism industry has left the state economically vulnerable.

This economic decline resulted in the Council on Revenues (Council) lowering its December 1996 revenue estimates which translates to a \$50 million revenue shortfall.

In March 1997, the Council projected further revenue reductions---forecasting reductions from 7.5 percent down to 3.7 per cent for FY 1998 and from 4.3 percent to 2.9 per cent for FY 1999. These reductions reflect a revenue shortfall of \$260 million in general fund tax revenues for the fiscal biennium.

Acknowledging that the latest Council projections were not up to your Committee's expectations, your Committee strongly believes that the solution to this fiscal situation is to develop a tax relief package that would improve the local business climate. Some of these measures include:

- (1) Alleviating the pyramiding effect of the general excise tax (GET) on real property leases;
- (2) Increasing the deduction for business meals and entertainment expenses from 50% to 80%;
- (3) Exempting the exportation of services from the GET;
- (4) Extending the use tax to intermediary services;
- (5) Exempting new businesses or new business activities from the GET for a five year period;
- (6) Repealing the sunset date for tax exemptions for establishing stock exchanges or securities trading facilities in Hawaii;
- (7) Providing incentives for the construction and operation of aircraft maintenance facilities;
- (8) Providing an income tax credit for computer software company investments; and
- (9) Providing a tax credit for SBA loan guaranties to small businesses.

These measures will foster new business opportunities and revitalize existing businesses.

In combination with these tax relief measures, your Committee strongly believes that economic revitalization can only be achieved through a comprehensive economic development package, a reduction in the cost of government operations and a prudent capital improvement program.

EXECUTIVE BUDGET

Background

Swiftly reacting to the Council's March financial forecast, your Committee requested all departments to submit budget reduction recommendations totalling eight per cent of their general fund budgets. This request was to give the department the opportunity to identify areas of possible reduction with minimum disruption in services. All departments cooperated and complied except one, the Department of Health. After each department presented its recommendations, your Committee carefully evaluated the recommendations and identified those reductions that caused a minimum disruption to services. Many of their recommendations have been incorporated in this budget. However, additional reductions had to be made in order to further balance the general fund financial plan.

Your Committee is committed to streamlining government by reducing unnecessary levels of managerial bureaucracy.

To meet the constitutional mandate requiring a balanced state budget, your Committee developed budget policies that focus on right-sizing program and revenue-based operations:

- (1) Direct services - Funding for direct services has been preserved to the maximum extent possible.
- (2) Special Funds - Where legally possible, the funding source for general funded positions was changed to special funds.
- (3) User Fees - User fees were increased, where possible, in a move towards self-sufficiency.
- (4) Temporary Positions - All requests for conversion of temporary positions to permanent status have been denied.
- (5) Vacancies - Vacant positions and related funding have been deleted. Positions that provide direct public services including teachers and shortage category positions were not affected.
- (6) Purchase of Services (POS) - POS funding levels have not been reduced and remain at the FY 1997 funding levels.
- (7) Grant-In-Aid (GIA) - All requests for GIA funding were reviewed on a case-by-case basis and funded, when possible, to retain current level of services.
- (8) Administrative Overhead - Reductions to administrative offices were the primary focus for staffing adjustments.
 - (a) Clerical Support - All supervisors are provided one-half of any clerical position, temporary or permanent.

Unrequired clerical positions and related funding in the Department of Education are reallocated to the school level to provide clerical assistance to various school offices. Over forty clerical positions are thus reallocated.

- (b) Public Relations, Communications - Funding and position counts for public relations, communications, and information dissemination have been eliminated.
- (c) Deputy Directors - The criteria for funding departmental deputy directors was based on the level of general fund annual budgets, excluding fixed costs. As a result, funding for eleven deputy director positions have been deleted, with a cost savings in excess of \$1 million.
- (9) Executive Assistants - All upper management level special assistant, executive assistant, and administrative assistant positions have been reviewed and those positions that have no direct impact on services have been eliminated. Departments have the option to fund these positions with internal savings within their offices and not through savings from their programs that provide direct services.
- (10) Warm Body Positions - Approximately forty-nine positions have been deleted. Generally, these positions served in extraneous administrative capacities. Positions that provide direct services were not affected.

Economic Development

Your Committee recognizes the importance of the tourism industry and supports the continued funding for the Hawaii Visitor and Convention Bureau's marketing efforts. To bolster this fragile market, and to kickstart the State's economic recovery, your Committee has also provided a \$10 million emergency appropriation for an aggressive marketing campaign in Japan and the U.S. Mainland.

Other financial investments towards Hawaii's economic stability include:

- (1) Funding for neighbor island chapters of HVCB;
- (2) Funding for sporting events, such as the Pro Bowl, major golf tournaments, and the Winter Baseball league;
- (3) Seed money for sports marketing proposals, such as Olympic-related events to be held in Hawaii;
- (4) Funding for cultural tourism programs and events, including the Hawaii International Film Festival and the Merrie Monarch Festival;
- (5) Start-up funds to operate the Hawaii Convention Center; and
- (6) Funds for agribusiness development and research.

In its review of economic development programs within the executive budget, streamlining departmental functions was a goal. To this end, defunct organizational branches such as, Hawaii Institute of Management & Analysis in Government (HIMAG), were eliminated.

Your Committee believes that the film industry is a viable economic opportunity and is considering additional incentives to attract more film production to Hawaii.

In the Department of Agriculture, your Committee eliminated unnecessary duplication of services by combining programs and monitoring the Department's reorganization efforts.

In order to lessen the dependency on general funds, your Committee increased special fund appropriations to the Department of Transportation for Plant Quarantine services.

Transportation

Your Committee recognizes that the Department of Transportation is one of the few departments to be wholly funded and operated by its user fee generated revenues. It is singularly capable of providing jobs at a time the economy is struggling to recover. Therefore, 234 various positions were restored to meet program needs of the department. For the biennium, \$4 million has been provided at various airports and highway programs, statewide, to provide job opportunities for the unemployed. Finally, \$1 million has been provided to promote the neighbor islands at airport facilities.

In reviewing the program's capital improvement program projects, the Committee fully supports its recommended projects such as the Honolulu International Airport's intra-terminal transportation system, diamond head concourse extension, and overseas terminal modifications; Kahului's rental car facility; Keahole's overseas terminal development; and Lihue's runway extension. Funding for the Barbers Point harbor improvements and the Kahului barge terminal improvements have also been provided. Highway projects including the North/South Road, Keaau-Pahoa Road, Queen Kaahumanu Highway widening, and Kuihelani Highway widening have been approved.

Health

The appropriations authorized by your Committee in the area of health will ensure sufficient funds to meet essential services provided by the department, including purchase of services.

The Behavioral Health Division received a large infusion of funds in the Child and Adolescent Mental Health Program, the Adult Mental Health Program, and the Hawaii State Hospital. In order to comply with the Felix vs. Cayetano Consent Decree, the Child and Adolescent Mental Health Program received additional general funds of approximately \$12 million for the biennium and \$9 million in emergency funding for the current fiscal year.

The Hawaii Health Systems Corporation was provided with general funds of \$7 million in the first year of the biennium and no funds in the second year of the biennium, in addition to emergency funding of \$8 million for the current fiscal year. Your Committee feels this funding will provide the resources needed to ensure self-sufficiency for the corporation's future. Your Committee will continue to monitor and evaluate the progress of the Hawaii Health Systems Corporation to ensure that programmatic direction and expenditures are in line with legislative intent.

Social Services

The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 initiated radical welfare reform. The most fundamental change is the transformation of welfare into a system that requires work in exchange for time-limited assistance.

The human services budget authorized by your Committee was based on the reorganization plan developed by the Department of Human Services. Appropriations to the department were based on actual caseload projections and reflect current expenditures. As a result, financial assistance to qualified recipients have been maintained at current levels. To this end, your Committee reduced the funds requested for the cash assistance payments as well as for health care payments. Lastly, cash assistance programs have been funded in the first year of the biennium for legal aliens to off-set the elimination of federal assistance.

Your Committee created a new program, QUEST Health Care Payments (HMS 245), to clearly identify QUEST costs. Your Committee authorized \$76 million for fiscal year 1997-1998 and \$90 million for fiscal year 1998-1999 for the implementation of phase II of the QUEST program which will begin in fiscal year 1997-1998. Approximately 10,500 Medicaid, Aged, Blind, and Disabled program participants will be placed into this managed care program.

Education

In recent years, the Department has obtained the legislature's continued commitment to education through increases in general fund appropriations in excess of forty per cent over the last seven years.

Your Committee is committed to the philosophy and implementation of school empowerment where monies are allocated directly to where learning takes place--the classroom.

In response to your Committee's request for an eight percent (8%) general fund budget reduction the Department of Education recommended an action plan comprised of twelve cuts. Among the proposed cuts were the following: 1) increasing the student-teacher ratio for grades kindergarten to two from 20:1 to 26:1; 2) eliminating the grade three priority fund; 3) implementing a half-day kindergarten; and 4) reducing supplemental programs by \$24.5 million in fiscal year 1998 and by \$19.2 million in fiscal year 1999. Rather than accept the Department's proposed reductions in these areas, your Committee is committed to providing exemplary education to students in their most formative years. Therefore, your Committee directed its scrutiny of the budget to those areas that do not directly impact the classroom.

Ensuring that Hawaii's public school students are afforded the best possible education continues to be one of your Committee's top priorities. Under the constraints of the State's current fiscal situation, your Committee carefully addressed the Department of Education's workload needs and the necessity to comply with the Felix vs. Cayetano Consent Decree. Your Committee's highest commitment was to provide adequate funding in these areas and to allocate resources directly to the classroom.

In response to the Department of Education's anticipated enrollment increases in both regular and special education, your Committee provided adequate levels of staffing for classrooms. To this end, your Committee reallocated all Success Compact teachers who are in non-instructional positions and their related funding, back into the schools. In addition, teaching positions were approved to accommodate increases in regular instruction enrollment over the next biennium. Your Committee also approved moneys to accommodate enrollment increases in special education.

Your Committee also addressed the court-ordered requirements of the Felix vs. Cayetano Consent Decree. In reviewing the consent decree budget, your Committee was concerned with the accuracy of the identifying process by which the Felix-eligible students are counted. As a result, your Committee deferred funding for fiscal year 1998-1999 in order to await a more precise number of students who are eligible for mental health and educational services.

In keeping with providing resources directly to the schools, your Committee has provided for the reallocation of all clerical positions at the state and district levels that exceed the ratio of one manager for every one-half clerical position to various schools statewide to supply supplemental staff support.

In an effort to develop a budget that accurately reflects greater accountability and fiscal responsibility, the Department of Education is directed to fund its own workers' compensation and unemployment insurance. Funding for these two areas will have to be generated through internal savings within the Department exclusive of school based budgeting (EDN 100). It is your Committee's recommendation that the Hawaii State Public Library System also assume funding of its workers' compensation insurance.

Although your Committee provided \$180 million for the educational facilities improvement special fund, your Committee is concerned with the Department of Education's policy of continuing expansion of school facilities in new outlying communities due to the major funding requirements. It is your Committee's understanding that basic infrastructure cost for a new school can range from \$4 to \$12 million, which does not include a single classroom. Your Committee further understands that the addition of a new building to an existing facility would cost approximately \$3 million.

Your Committee recommends that the Department of Education examine the possibility of expanding and renovating existing schools in the Honolulu school district, especially those receiving a large number of requests for geographic exception. Your Committee further recommends that the Department review its geographic exception policy and broaden its scope to enable commuting parents the opportunity to enroll their children in schools near their places of employment in urban Honolulu. It is your Committee's preference that the Department pursue innovative uses of facilities, as previously mentioned, to achieve maximum utilization.

Your Committee is concerned with the Department of Education's inefficient use of existing school facilities. Your Committee recommends that the Department review its district exception policy and broaden its scope to enable commuting parents the opportunity to enroll their children in schools near their places of employment, within the Honolulu school district. To this end, your Committee recommends that the Department re-examine its facility planning strategy towards accommodating expansion in new outlying communities. It is your Committee's preference that the Department pursue innovative uses of facilities, as previously mentioned, to achieve maximum utilization.

Higher Education

Your Committee recognizes that higher education plays an important role in this State and supports the administration's efforts to build a first class University in the Pacific.

Due to the current economic situation of the state, your Committee has decided that the University Laboratory School is to become self-sufficient in the Fall of 1997 by establishing a Special Fund and charging its students user fees. The decision to make the University Laboratory School self-sufficient was difficult, but it was an acceptable alternative to terminating the school's existence. Your Committee believes that the original mission of the University Laboratory School can still be upheld under the new conditions of enrollment.

Your Committee notes that the U.H. College of Education has initiated partnerships with many public schools throughout the State that reduce the need for the University Laboratory School. For example, in the Partnership Schools Program, future teachers have maximum exposure in the public school classroom setting and can benefit from having experienced teachers as mentors. U.H. faculty members also interact with practicing teachers and provide opportunities for renewal in the current theories of learning. Expansion of this effort to include curriculum development and testing in public schools rather than artificial labs would seem appropriate, especially since the Partnership Schools Program has the added benefit of reducing student-teacher ratios at little cost to the State.

Another byproduct of the State's economic dilemma is this Committee's decision to have the University of Hawaii fund its own worker's compensation and unemployment insurance. Funding for these two areas will have to be generated through internal savings. It is this Committee's belief that this new system will promote both accountability and fiscal responsibility.

Public Safety

Public outcry for criminal justice reform and concerns for public safety have compelled the legislature to consider sentencing reforms to provide certainty of consequences for serious criminal behavior. One measure currently being considered would allow Hawaii's sentencing provisions to conform with recent federal enactments. This provision would require all convicted felons who are sentenced to a term of imprisonment to serve at least eighty-five per cent of their sentences before becoming eligible for parole. This "truth-in-sentencing" measure will also provide discretion to judges in setting maximum sentences.

The dramatic increase of personal property and automobile thefts against residents and tourists has caused alarming concern for public safety and poses a threat to the viability of the tourism industry. Your Committee recognizes that part of the reason for the escalation of these types of crimes is the insufficient number of beds to keep these criminals incarcerated.

Most correctional facilities have been forced to operate under overcrowded conditions. Current inmate population exceeds operating capacity by eight hundred. In addition, there are three hundred inmates housed in Texas and approximately 100 defendants on emergency release. It is apparent that even with the completion of proposed expansion projects, lack of bed space will continue to be an issue.

In its biennium budget request, the Department requested several expansion projects to alleviate the problem of overcrowding in its correctional facilities. In lieu of this, your Committee proposes the construction of a new medium security complex. In anticipation of building this new 2,000 bed facility, the scope of temporary expansion projects has been reduced. Funding has been provided to house additional inmates in U.S. Mainland facilities until the new facility is completed. These funds amount to \$5 million in fiscal year 1997-1998 and \$10 million in fiscal year 1998-1999 and enable the transfer and housing of 300 inmates in the first fiscal year of the biennium and an additional 300 inmates in the second fiscal year of the biennium.

Government Wide Support

To update the present econometric model for tax revenue forecasting, technical assistance has been provided to the council on revenues by transferring existing economist positions and consulting funds from the department of business, economic development, and tourism to the department of taxation.

Capital Improvement Projects

It is your Committee's intention to cautiously proceed in authorizing select types of projects, recognizing the delicate balance between providing needed construction work and preserving our bond rating, which is so vital to future financing.

Your Committee fully recognizes the need to stimulate the local economy through an influx of capital improvement projects. Hawaii's construction industry is vital to economic well being of the State. However, due to the recent lowering of the State's bond rating by the major bond raters and the State's proposal to issue \$500 million of bonds per year for the next two years, has created a concern by your Committee. Therefore your Committee, reflecting a more fiscally prudent approach, has authorized a total of \$550 million in projects over the biennium. This will require only \$350 million of bonds to be issued in the first year and only \$200 million issued in the second year of the biennium. The State traditionally has issued \$200 million per year.

Your Committee's criteria to fund those key projects were:

- (1) Construction projects that are ready to proceed immediately;
- (2) Needed health and safety projects;

- (3) Repair and renovation projects that extend the useful life of the facility;
- (4) Infrastructure and water development projects;
- (5) Smaller projects that local contractors can compete for; and
- (6) Projects with significant matching funds.

New projects that will add to future operating costs such as staffing and current expenses were deferred. Many projects that were requested in the second year of the biennium were also deferred and should be reconsidered during the next legislative session, at which time the economic impact of the newly appropriated projects as well as the financial condition of the State can be better assessed.

In effect, by being carefully selective as to the types of projects authorized, your Committee strongly believes that the initiation of these projects would have the same economic impact as the State's initial \$1 billion request.

The Committee provided an additional \$35 million for public school repair and renovation projects. Your Committee believes that these projects will be designed and constructed much more expeditiously than a typical new construction project. It is your Committee's intention to afford more local design consultants and smaller contractors a greater opportunity to compete for these projects. The Committee also provided design funds for various projects that can be constructed in fiscal year 1999 through an additional bond authorization after a year's review of the construction program and its effects on the economy.

CONCLUSION

With the decline in tax revenues, and the ever increasing budget requirements, your Committee carefully scrutinized the executive budget for fiscal biennium 1997-1999. Without the need for raising taxes, your Committee preserved the current level of funding for needed services by focusing its efforts on restructuring departments from the top down while preserving resources that provide direct services to the people. Your Committee believes that this budget, coupled with proposed tax relief and economic development measures will drive the economy forward. Your Committee has answered the challenge to make government leaner and more efficient. Through collaborative efforts on part of the Senate members, your Committee on Ways and Means submits to you a balanced budget.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 350, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 350, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1614 Ways and Means on H.B. No. 472

The purpose of this bill is to authorize the issuance of general obligation bonds and to declare findings that address a constitutional requirement regarding the issuance of general obligation bonds.

Your Committee finds that article VIII, section 18, of the Constitution of the State of Hawaii, requires the Legislature to include a declaration of findings in every law authorizing the issuance of general obligation bonds that the debt limit will not be exceeded by legislatively authorized general obligation bond issuances.

Your Committee has amended this bill by changing its effective date to July 1, 1997, to coincide with the start of the 1997-1998 fiscal year.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 472, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 472, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1615 Economic Development on S.C.R. No. 40

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources (DLNR) to designate the old Kona Airport State Park as the permanent site for the Big Island Farm Fair.

Your Committee received testimony in support of this measure from DLNR and the Big Island Farm Bureau.

Your Committee finds that despite the fact that the old Kona Airport State Park has been the site for the Big Island Farm Fair, Kona's annual community carnival event for the past sixteen years, recently approved DLNR administrative rules may prohibit future fund raising activities at the site and therefore prohibit its use for the Farm Fair.

Your Committee further finds that DLNR's designation of the old Kona Airport State Park as the permanent site of the Farm Fair would ensure the continuation of the Fair's quality family-style entertainment and agricultural related educational activities and allow the Big Island Farm Bureau to continue helping participating nonprofit organizations fulfill their worthwhile fund raising objectives.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 40 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Bunda, Kawamoto, Matsunaga, Solomon).

SCRep. 1616 Education on S.C.R. No. 43

The purpose of this concurrent resolution is to request the Department of Education to protect the educational rights of children with disabilities by ensuring that state and federal moneys for special education and related services are not co-opted through site-based management and fiscal flexibility in the name of fiscal necessity.

Your Committee received testimony supporting this measure from the Department of Education.

Your Committee finds that the Individuals with Disabilities Education Act and Section 504 of the Rehabilitation Act entitle children with disabilities to special education and related services provided at public expense with no cost to a parent except for incidental fees that are normally charged to a child without disabilities.

Your Committee also finds that the State has moved toward a decentralized system of public schooling such as school/community-based management, the Hawaii Education Goals, lump-sum budgeting, student-centered schools, and the Hawaii Content and Performance Standards. Some of these programs do not make distinctions for children with disabilities.

Your Committee further finds that intentional or unintentional violations of the Individuals with Disabilities Education Act and Section 504 of the Rehabilitation Act, whether by a school/community-based management council or the Board of Education could expose the State to civil lawsuits.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 43 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1617 Education on S.R. No. 13

The purpose of this resolution is to request the Department of Education to protect the educational rights of children with disabilities by ensuring that state and federal moneys for special education and related services are not co-opted through site-based management and fiscal flexibility in the name of fiscal necessity.

Your Committee received testimony supporting this measure from the Department of Education.

Your Committee finds that the Individuals with Disabilities Education Act and Section 504 of the Rehabilitation Act entitle children with disabilities to special education and related services provided at public expense with no cost to a parent except for incidental fees that are normally charged to a child without disabilities.

Your Committee also finds that the State has moved toward a decentralized system of public schooling such as school/community-based management, the Hawaii Education Goals, lump-sum budgeting, student-centered schools, and the Hawaii Content and Performance Standards. Some of these programs do not make distinctions for children with disabilities.

Your Committee further finds that intentional or unintentional violations of the Individuals with Disabilities Education Act and Section 504 of the Rehabilitation Act, whether by a school/community-based management council or the Board of Education could expose the State to civil lawsuits.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 13 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1618 Education on S.C.R. No. 124

The purpose of this concurrent resolution is to urge the Department of Education to develop and implement a policy and program to prevent school violence against teachers and students.

Your Committee received testimony supporting this measure from the Department of Education and the Hawaii State Teachers Association.

Your Committee finds that the Department of Education's Chapter 19 rules address, among other things, teacher harassment by students and the related student sanctions.

Your Committee further finds however that despite the existence of Chapter 19, teachers who have been harassed by students have received little or no support from the school's administration.

Your Committee notes that the Department of Education is willing to develop a policy statement regarding teacher and student violence.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 124 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1619 Education on S.R. No. 57

The purpose of this resolution is to urge the Department of Education to develop and implement a policy and program to prevent school violence against teachers and students.

Your Committee received testimony supporting this measure from the Department of Education and the Hawaii State Teachers Association.

Your Committee finds that the Department of Education's Chapter 19 rules address, among other things, teacher harassment by students and the related student sanctions.

Your Committee further finds however that despite the existence of Chapter 19, teachers who have been harassed by students have received little or no support from the school's administration.

Your Committee notes that the Department of Education is willing to develop a policy statement regarding teacher and student violence.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 57 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1620 (Joint) Human Resources and Education on S.C.R. No. 99

The purpose of this concurrent resolution is to request the Department of Education (DOE) to establish a school-to-work transition center at Ka'u High School and Pahala Elementary School.

Your Committees received testimony concurring with the intent of this measure from the DOE.

Your Committees find that the Ka'u district on the Big Island is most in need of a program to help its students to make realistic career and employment decisions. Ka'u is the largest district in the County of Hawaii and the most remote from centers of employment and public services. Your Committees have been informed that the largest economic product of Ka'u is marijuana and the availability of drugs in Ka'u contributes to the disintegration of the community. Ka'u has been economically depressed since the closing of Ka'u Sugar, with high unemployment and lack of job opportunities.

The DOE is currently authorized by statute (section 302A-431.5, Hawaii Revised Statutes) to have a school-to-work transition program. The DOE administers a school-to-work transition center program to empower youth with the knowledge, attitudes, and skills necessary to successfully make the transition from adolescence to adulthood, including career planning, counseling, and development workshops. These transition centers currently operate at thirteen schools, of which three are in the County of Hawaii but none in the two requested in this concurrent resolution.

As affirmed by the records of votes of the members of your Committees on Human Resources and Education that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 99, and recommend its adoption.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 6 (Fernandes Salling, Fukunaga, Ige, D., Levin, Metcalf, Anderson).

SCRep. 1621 (Joint) Human Resources and Education on S.R. No. 35

The purpose of this resolution is to request the Department of Education (DOE) to establish a school-to-work transition center at Ka'u High School and Pahala Elementary School.

Your Committees received testimony concurring with the intent of this measure from the DOE.

Your Committees find that the Ka'u district on the Big Island is most in need of a program to help its students to make realistic career and employment decisions. Ka'u is the largest district in the County of Hawaii and the most remote from centers of employment and public services. Your Committees have been informed that the largest economic product of Ka'u is marijuana and the availability of drugs in Ka'u contributes to the disintegration of the community. Ka'u has been economically depressed since the closing of Ka'u Sugar, with high unemployment and lack of job opportunities.

The DOE is currently authorized by statute (section 302A-431.5, Hawaii Revised Statutes) to have a school-to-work transition program. The DOE administers a school-to-work transition center program to empower youth with the knowledge, attitudes, and skills necessary to successfully make the transition from adolescence to adulthood, including career planning, counseling, and development workshops. These transition centers currently operate at thirteen schools, of which three are in the County of Hawaii but none in the two requested in this resolution.

As affirmed by the records of votes of the members of your Committees on Human Resources and Education that are attached to this report, your Committees concur with the intent and purpose of S.R. No. 35, and recommend its adoption.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 6 (Fernandes Salling, Fukunaga, Ige, D., Levin, Metcalf, Anderson).

SCRep. 1622 Health and Environment on S.C.R. No. 111

The purpose of this concurrent resolution is to protect the public from the possible adverse health effects of exposure to pesticides, herbicides, and insecticides by requesting the Department of Health (DOH) to:

- (1) Reconsider and reexamine its policy of allowing the aerial spraying of pesticides, herbicides, and insecticides; and
- (2) Consider imposing greater restrictions of this type of spraying unless the user can show clear and convincing reasons as to why the spraying should be allowed to continue.

Favorable testimony on the measure was received from the Hawaii County Green Party and two concerned individuals. The Department of Health agreed with the intent of the measure but deferred to the Department of Agriculture. The Hawaii Island Economic Development Board; the Drug Enforcement Administration, Honolulu District Office; the Department of Agriculture; Applied Public Relations, representing the American Crop Protection Association, the Western Crop Protection Association, and several manufacturers of agricultural and nonstructural pesticides; Murrayair Ltd.; Gay & Robinson, Inc.; AMFAC Sugar and Agribusiness; Hamakua Timber; Hawaiian Commercial and Sugar Company; and the Hawaii Agriculture Research Center submitted testimony in opposition to the measure. The Police Department of the City and County of Honolulu stated that although the protection of the environment is of great importance, chemical eradication of marijuana should not be restricted without further study of its impact to the environment.

Testimony indicated that the issue of aerial spraying of pesticides is not one that is taken lightly by agricultural producers. The use of pesticides, including the aerial methods of application, is highly regulated by the Environmental Protection Agency. Up to 120 product tests are required to determine the potential effects pesticides may have on the health and safety of the public, before a pesticide is allowed to be marketed. The label that is affixed to a container of pesticide dictates the allowable uses and permitted methods of application. Additionally, the State further regulates the use of pesticides.

Your Committee notes that much of the testimony received appears to focus on the issue of the aerial application of herbicides, specifically glyphosate, which is the active ingredient in some weed killers (i.e. Roundup and Rodeo). Therefore, your Committee believes that it is appropriate to focus the measure on the same issue.

The DOH indicated that because glyphosate has been extensively studied, there exists a great amount of scientific literature regarding the possible health effects of this herbicide. The DOH suggested that to address some of the concerns expressed regarding the possible health effects of the aerial application of herbicides like glyphosate, the DOH would be willing to compile, digest, and evaluate the available scientific evidence. Additionally, the DOH indicated that it would also be willing to evaluate the possible health effects of the aerial application of glyphosate and other herbicide compounds as it may specifically apply to:

- (1) The Hamakua region on the Island of Hawaii; and
- (2) The efforts to eradicate marijuana plants.

After considering the testimony received and the merits of the measure, your Committee has amended the measure by changing its focus from urging restrictions on the aerial spraying of pesticides, herbicides, and insecticides, to evaluating the possible health effects of the aerial application of glyphosate and other herbicides.

Specifically, the measure was amended by, among other things:

- (1) Revising the title to reflect the new focus;
- (2) Requesting the DOH to compile, digest, and evaluate the available scientific evidence as it relates to the possible health effects of the aerial application of glyphosate and other herbicides, as suggested by the DOH; and
- (3) Requesting that the DOH include an evaluation of the effects of aerial spraying of glyphosate as it may specifically apply to:
 - (A) The Hamakua Region on the Island of Hawaii; and
 - (B) The efforts to eradicate marijuana plants.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 111, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 111, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, none.

SCRep. 1623 Health and Environment on S.C.R. No. 131

The purpose of this concurrent resolution is to better serve those persons diagnosed as having both a mental illness and a substance abuse problem (dual diagnosis) by requesting the Department of Health (DOH) to consider and implement the recommendations of the Big Island Subarea Health Planning Council's Mental Health and Substance Abuse Committee.

Specifically, these recommendations call for:

- (1) Developing collaborative programs involving both the Adult Mental Health Division (AMHD) and the Alcohol and Drug Abuse Division of the DOH to be designed to serve dual diagnosis persons;
- (2) Making available, cross-training for staff of programs in both divisions;

- (3) Providing day treatment programs that incorporate safe and secure living arrangements for persons with dual diagnosis; and
- (4) Making available, safe, secure, and supportive living opportunities.

The DOH submitted testimony stating that because of continuing budget reductions and personnel restrictions, resources for new program initiatives are limited. Because this measure requests the implementation of intensive services, including costly day treatment and supportive living programs, the DOH indicated that it would be difficult to develop these programs given the present resources.

Your Committee finds that there is a great need for mental health services and substance abuse services on the Island of Hawaii. Additionally, your Committee notes that mental health and substance abuse services on the Island of Hawaii are inadequate and uncoordinated for dual diagnosis persons. Therefore, your Committee feels that requesting the DOH to consider the recommendations of the Big Island Subarea Health Planning Council's Mental Health and Substance Abuse Committee is appropriate. However, your Committee is mindful of the current fiscal constraints facing the State, and that implementation of these recommendations may be too costly for the DOH.

After considering the testimony received and the merits of the measure, your Committee has amended the measure by deleting all references to the implementation of the recommendations in the title and the body of the concurrent resolution.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 131, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 131, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 1624 Health and Environment on S.R. No. 63

The purpose of this resolution is to better serve those persons diagnosed as having both a mental illness and a substance abuse problem (dual diagnosis) by requesting the Department of Health (DOH) to consider and implement the recommendations of the Big Island Subarea Health Planning Council's Mental Health and Substance Abuse Committee.

Specifically, these recommendations call for:

- (1) Developing collaborative programs involving both the Adult Mental Health Division (AMHD) and the Alcohol and Drug Abuse Division of the DOH to be designed to serve dual diagnosis persons;
- (2) Making available, cross-training for staff of programs in both divisions;
- (3) Providing day treatment programs that incorporate safe and secure living arrangements for persons with dual diagnosis; and
- (4) Making available, safe, secure, and supportive living opportunities.

The DOH submitted testimony stating that because of continuing budget reductions and personnel restrictions, resources for new program initiatives are limited. Because this measure requests the implementation of intensive services, including costly day treatment and supportive living programs, the DOH indicated that it would be difficult to develop these programs given the present resources.

Your Committee finds that there is a great need for mental health services and substance abuse services on the Island of Hawaii. Additionally, your Committee notes that mental health and substance abuse services on the Island of Hawaii are inadequate and uncoordinated for dual diagnosis persons. Therefore, your Committee feels that requesting the DOH to consider the recommendations of the Big Island Subarea Health Planning Council's Mental Health and Substance Abuse Committee is appropriate. However, your Committee is mindful of the current fiscal constraints facing the State, and that implementation of these recommendations may be too costly for the DOH.

After considering the testimony received and the merits of the measure, your Committee has amended the measure by deleting all references to the implementation of the recommendations in the title and the body of the resolution.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 63, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 63, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 1625 Health and Environment on S.C.R. No. 224

The purpose of this concurrent resolution is to request the Department of Health (DOH) to develop standards for all restaurants, dining rooms, and other food service establishments to follow regarding the cleaning of ducts, filters, and vents in their air conditioning systems.

The Director of Health submitted testimony supporting the intent of this measure but asserted that air conditioning maintenance standards for food service establishments already exist in the DOH administrative rules. The Director testified that insufficient funding and staffing and ignorance of many food service establishment owners regarding the rules make enforcement of those rules difficult and ineffective.

After considering the testimony and the merits of this measure, your Committee finds that educating the food service establishments regarding the health hazards associated with improperly maintained air conditioning systems and the existing air conditioning system maintenance standards set forth in the DOH administrative rules, may promote increased voluntary compliance with those rules.

Your Committee amended this concurrent resolution by deleting the request to the DOH to develop air conditioning system maintenance standards and replacing it with a request to the DOH to educate food service establishments regarding the health hazards of improperly maintained air conditioning systems and the existing DOH administrative rules regulating maintenance of those systems.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 224, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 224, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 1626 Judiciary on S.C.R. No. 116

The purpose of this Concurrent Resolution is to request the Judiciary to study and implement a procedure for the certification of legal specialists within the State of Hawaii.

Testimony in support of this measure was submitted by the Judiciary. Comments were submitted by the Hawaii State Bar Association.

Your Committee finds that Hawaii has yet to establish a certification program or legal specialization procedure for attorneys. Your Committee further finds that at the national level, procedures for the certification of legal specialists have been developed to mitigate the potential fraud to the consumer from those attorneys who misrepresent themselves. In consideration of this, your Committee believes that Hawaii may benefit from studying the merits of such a certification program.

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 S.C.R. No. 116 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Metcalf).

SCRep. 1627 Judiciary on S.C.R. No. 151

The purpose of this Concurrent Resolution is to request the Hawaii State Commission on the Status of Women to submit a report to the legislature which documents existing sexual harassment policies in state agencies, proposes a sexual harassment educational and training program for state agency directors and managers, and suggests short and long-term measures and evaluation criteria.

Testimony in support of this measure was submitted by the Hawai'i Civil Rights Commission, the Hawaii State Commission on the Status of Women, the Sex Abuse Treatment Center, and the Hawaii Chapter of the National Employment Lawyers Association.

Your Committee finds that sexual harassment is an unwelcome and illegal behavior which can take an enormous economic toll through lost productivity of employees who are being harassed. According to the latest statistics from the Hawaii Civil Rights Commission, sexual discrimination cases constituted the largest number of employment discrimination cases, with sexual harassment claims comprising almost fifty percent of this category. However, the data is incomplete with respect to the actual number of sexual harassment claims filed and settlements reached against state agencies.

Your Committee further finds that no single state agency exists to coordinate, conduct, or monitor the development of consistent and effective sexual harassment policies and procedures in state agencies. Nor is there a responsible agency for training and providing education regarding sexual harassment issues in the work place. Your Committee believes that the Legislature has a responsibility to assist in the prevention of sexual harassment, especially when it occurs in state agencies. Thus, your Committee supports any effort to collect information that will both document the issue and propose proactive measures for the prevention of sexual harassment.

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 S.C.R. No. 151 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Metcalf).

SCRep. 1628 Judiciary on S.C.R. No. 152

The purpose of this Concurrent Resolution is to request that the Judiciary, in consultation with the four county prosecutors and the Judiciary's Standing Committee on the Rules of Evidence, study ways to simplify proof of prior criminal convictions.

Testimony in support of this measure was received from the Judiciary and the Department of the Prosecuting Attorney of the City and County of Honolulu.

Your Committee finds that proof of a defendant's prior criminal conviction is often difficult for prosecutors to prove, especially in light of a recent Hawaii Supreme Court case, *State v. Sinagoga*, which established limitations on the use of a prior conviction to impose or enhance a prison sentence. Yet, criminal offenses such as "habitually driving under the influence of intoxicating liquor or drugs" require proof of a prior conviction as an element of the offense.

Your Committee further finds that the establishment of uniform data, records, and self-authenticating documents as admissible evidence of a valid prior criminal conviction would simplify proof requirements and thus, create efficiency within the criminal justice system.

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

- (1) Requesting that the Hawaii State Law Enforcement Coalition, which consists of the Department of the Attorney General, and the four county Police Chiefs and Prosecutors, instead of the Judiciary, conduct the study and issue a report on ways to simplify proof of prior convictions;
- (2) Making appropriate substitutions in the title of the resolution and in the provision requiring the submission of certified copies to relevant agencies;
- (3) Naming the Department of the Prosecuting Attorney of the City and County of Honolulu as the lead resource agency;
- (4) Clarifying that the Judiciary and the Hawaii Supreme Court's Standing Committee on the Rules of Evidence assist the Hawaii State Law Enforcement Coalition with the requested study;
- (5) Clarifying that "Hawaii Supreme Court's Standing Committee on the Rules of Evidence" is the official title of the committee within the Judiciary branch; and
- (6) Making 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 concurs with the intent and purpose of S.C.R. No. 152, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 152, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 1629 Judiciary on S.R. No. 78

The purpose of this Resolution is to request that the Judiciary, in consultation with the four county prosecutors and the Judiciary's Standing Committee on the Rules of Evidence, study ways to simplify proof of prior criminal convictions.

Testimony in support of this measure was received from the Judiciary and the Department of the Prosecuting Attorney of the City and County of Honolulu.

Your Committee finds that proof of a defendant's prior criminal conviction is often difficult for prosecutors to prove, especially in light of a recent Hawaii Supreme Court case, State v. Sinagoga, which established limitations on the use of a prior conviction to impose or enhance a prison sentence. Yet, criminal offenses such as "habitually driving under the influence of intoxicating liquor or drugs" require proof of a prior conviction as an element of the offense.

Your Committee further finds that the establishment of uniform data, records, and self-authenticating documents as admissible evidence of a valid prior criminal conviction would simplify proof requirements and thus, create efficiency within the criminal justice system.

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

- (1) Requesting that the Hawaii State Law Enforcement Coalition, which consists of the Department of the Attorney General, and the four county Police Chiefs and Prosecutors, instead of the Judiciary, conduct the study and issue a report on ways to simplify proof of prior convictions;
- (2) Making appropriate substitutions in the title of the resolution and in the provision requiring the submission of certified copies to relevant agencies;
- (3) Naming the Department of the Prosecuting Attorney of the City and County of Honolulu as the lead resource agency;
- (4) Clarifying that the Judiciary and the Hawaii Supreme Court's Standing Committee on the Rules of Evidence assist the Hawaii State Law Enforcement Coalition with the requested study;
- (5) Clarifying that "Hawaii Supreme Court's Standing Committee on the Rules of Evidence" is the official title of the committee within the Judiciary branch; and
- (6) Making 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 concurs with the intent and purpose of S.R. No. 78, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 78, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 1630 Judiciary on S.C.R. No. 256

The purpose of this Concurrent Resolution is to request the Hawai'i State Bar Association to conduct a study of Hawai'i's tort system and the impacts of providing statutory immunity under certain circumstances.

Testimony in support of this measure was submitted by Hawai'i State Bar Association, National Federation of Independent Business, Consumer Lawyers of Hawai'i, Hawai'i Insurers Council, and the University of Hawai'i William S. Richardson School of Law.

Your Committee finds that over the past several years, there has been a noticeable increase in the number of bills introduced each year requesting the legislature to enact some form of immunity from tort liability for various groups and organizations, including private entities. Your Committee further finds that issues regarding various parts of the tort law in Hawai'i, particularly as it differs from other jurisdictions, have been the subject of much debate during the discussions on these various measures brought before the legislature. Therefore, your Committee agrees that there needs to be a study of the tort system that will provide meaningful data to assist the legislature in making informed decisions and addressing tort reform in a comprehensive manner.

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 S.C.R. No. 256 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Metcalf).

SCRep. 1631 Judiciary on S.C.R. No. 257

The purpose of this Concurrent Resolution is to urge the President of the United States to nominate and the United States Senate to confirm at least one qualified resident from the State of Hawaii to serve as an active judge on the United States Ninth Circuit Court of Appeals.

Your Committee finds that for the past thirteen years there has not been a representative from the State of Hawaii on the United States Court of Appeals for the Ninth Circuit. Your Committee believes that the addition of a judge with knowledge of Hawaii's ethnic groups, political and judicial history, and, in particular, Hawaii law would broaden the court's perspective and is critical in their consideration of cases at the federal level.

Testimony in strong support of this Concurrent Resolution was submitted by the Judiciary, and the Hawaii State Bar Association.

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 S.C.R. No. 257 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 1632 Judiciary on S.C.R. No. 198

The purpose of this Concurrent Resolution is to request the Governor's Office of Volunteer Services to submit a report on the effects of providing immunity from liability for volunteers working with government and nonprofit organizations.

Your Committee heard testimony in favor of this Concurrent Resolution by Consumers Lawyers of Hawaii.

Your Committee finds that a report addressing the important concerns raised in hearings on volunteer immunity bills should be done to objectively gauge the need for legislation. Your Committee agrees that information about potential cost-savings to government and the various organizations will assist the legislature in approaching this problem from a comprehensive perspective.

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 S.C.R. No. 198 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 1633 Transportation and Intergovernmental Affairs on S.C.R. No. 163

The purpose of this concurrent resolution is to urge Hawaii's Congressional Delegation to work with the Commander-in-Chief of the United States Pacific Command to consider a system of dividing projects into smaller parts for awarding federal construction projects in Hawaii.

Your Committee received testimony in support of this concurrent resolution from the Hawaii Operating Engineers Industry Stabilization Fund, the Electrical Contractors Association, and the International Brotherhood of Electrical Workers, Local Union 1186.

Your Committee finds that it has become increasingly difficult for Hawaii contractors to actively bid on federal construction projects, primarily due to the lack of bondability for such large projects. Hawaii's Congressional Delegation is well aware and very supportive of innovative business methods, and understands the importance of the construction industry to Hawaii's economy. By enabling local big and small contractors to bid on, and compete for federal construction projects, Hawaii's economy can improve.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 163 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Slom).

SCRep. 1634 Transportation and Intergovernmental Affairs on S.R. No. 83

The purpose of this resolution is to urge Hawaii's Congressional Delegation to work with the Commander-in-Chief of the United States Pacific Command to consider a system of dividing projects into smaller parts for awarding federal construction projects in Hawaii.

Your Committee received testimony in support of this resolution from the Hawaii Operating Engineers Industry Stabilization Fund, the Electrical Contractors Association, and the International Brotherhood of Electrical Workers, Local Union 1186.

Your Committee finds that it has become increasingly difficult for Hawaii contractors to actively bid on federal construction projects, primarily due to the lack of bondability for such large projects. Hawaii's Congressional Delegation is well aware and very supportive of innovative business methods, and understands the importance of the construction industry to Hawaii's economy. By enabling local big and small contractors to bid on, and compete for federal construction projects, Hawaii's economy can improve.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 83 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Slom).

SCRep. 1635 Transportation and Intergovernmental Affairs on S.C.R. No. 178

The purpose of this concurrent resolution is to request the United States Department of Transportation to diligently pursue its "open skies" aviation negotiations with Japan, and to explore in the context of those negotiations, the possibility of allowing "triangle flight" arrangements whereby carriers leaving Asian cities may stop over in Hawaii and/or Alaska.

Your Committee received testimony in support of this concurrent resolution from the Department of Transportation and the Chamber of Commerce of Hawaii.

Your Committee finds that Hawaii's transportation infrastructure is unique and important to the economic well-being of the State. The State and Hawaii's public officials have had limited input in United States policies and regulations on Hawaii's airways and air rights resulting in a lack of regard to their detrimental impact on Hawaii's economic interests. Further, the U.S. Department of Transportation is currently negotiating with the Japanese government to rewrite the 1952 bilateral aviation agreement covering air service between the two nations. The "open skies" aviation proposal seeks to abolish all current restrictions to flights between the two countries and allow the market to dictate routes and frequencies. This proposal has been opposed by the Japanese government resulting in a lack of progress in the negotiations for the last several years. In light of Hawaii's current economic slump, it is critical to take immediate steps to increase the number of flights and points-of-departure to Hawaii, particularly from Japan and the other Pacific Rim countries.

Therefore, your Committee has amended this concurrent resolution by modifying the request to pursue negotiations even if "open skies" cannot be fully achieved in the short-term; and by adding an additional clause to assure that the economic benefits and impacts in Hawaii and on the mainland are given equal consideration in relation to the economic benefits and impacts on the U.S. aviation industry in the development and execution of U.S. aviation policy. The title of this concurrent resolution was also changed to reflect these amendments.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 178, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 178, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 1636 Transportation and Intergovernmental Affairs on S.C.R. No. 203

The purpose of this concurrent resolution is to request the Department of Transportation (DOT), in consultation with the Hawaii Housing Authority (HHA), to examine the problem of the homeless seeking shelter at the Honolulu International Airport (HIA) and its impact on the State of Hawaii.

Your Committee received testimony in support of this measure from the DOT, the HHA, and the Airlines Committee of Hawaii.

Your Committee finds that the homeless at HIA is a serious concern and that the DOT has already formed a task force, which will study and assess the situation, provide recommendations, and develop a coordinated and comprehensive plan for resolving the problem.

Your Committee also finds strong support for this assessment and planning effort by other affected agencies and organizations. Your Committee believes this concurrent resolution will assist this effort.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 203, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 1637 Transportation and Intergovernmental Affairs on S.C.R. No. 90

The purpose of this concurrent resolution is to express legislative concern for the effects of fibropapilloma, which threatens Hawaii's green sea turtle population, and to request the Department of Land and Natural Resources (DLNR) to report on progress of the Sea Turtle Recovery Plan and research into the cause and cure of this disease.

Your Committee received comments on this measure from the DLNR.

Your Committee understands the concerns expressed by DLNR regarding its role in seeking to understand and control this disease. Your Committee also notes that the Sea Turtle Recovery Plan is being prepared by the National Marine Fisheries Service (NMFS) and is currently in final draft. However, your Committee believes that DLNR is the appropriate agency to collect and coordinate such information, and to report on these and any other efforts of the State and federal agencies involved in this work.

Your Committee has amended this concurrent resolution by revising the title to, "RECOGNIZING THE IMPORTANCE OF RESEARCH INTO THE PRESERVATION OF HAWAII'S GREEN SEA TURTLES", and amending the second BE IT RESOLVED clause to conform to the title.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 90, S.D. 1, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 90, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 1638 Transportation and Intergovernmental Affairs on S.R. No. 29

The purpose of this resolution is to express legislative concern for the effects of fibropapilloma, which threatens Hawaii's green sea turtle population, and to request the Department of Land and Natural Resources (DLNR) to report on progress of the Sea Turtle Recovery Plan and research into the cause and cure of this disease.

Your Committee received comments on this measure from the DLNR.

Your Committee understands the concerns expressed by DLNR regarding its role in seeking to understand and control this disease. Your Committee also notes that the Sea Turtle Recovery Plan is being prepared by the National Marine Fisheries Service (NMFS) and is currently in final draft. However, your Committee believes that DLNR is the appropriate agency to collect and coordinate such information, and to report on these and any other efforts of the State and federal agencies involved in this work.

Your Committee has amended this resolution by revising the title to, "RECOGNIZING THE IMPORTANCE OF RESEARCH INTO THE PRESERVATION OF HAWAII'S GREEN SEA TURTLES", and amending the second BE IT RESOLVED clause to conform to the title.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 29, S.D. 1, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 29, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 1639 Transportation and Intergovernmental Affairs on S.C.R. No. 113

The purpose of this concurrent resolution is to request the counties to impose only a simple permit requirement in order to obtain permission to inter family members in family burial plots under state law.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources.

Your Committee supports the intent of this concurrent resolution and believes it provides a means of fostering meaningful dialogue between the State and counties on the implementation of Act 145, Session Laws of Hawaii 1996.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 113, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 1640 Transportation and Intergovernmental Affairs on S.R. No. 46

The purpose of this resolution is to request the counties to impose only a simple permit requirement in order to obtain permission to inter family members in family burial plots under state law.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources.

Your Committee supports the intent of this resolution and believes it provides a means of fostering meaningful dialogue between the State and counties on the implementation of Act 145, Session Laws of Hawaii 1996.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 46, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 1641 Transportation and Intergovernmental Affairs on H.C.R. No. 48

The purpose of this concurrent resolution is to urge Hawaii's Congressional Delegation to introduce and support legislation which would permit the adult children of Filipino veterans of World War II to immigrate to the United States without limitation and without any requirement for financial sponsorship.

Your Committee received testimony in support of the concurrent resolution from the Director of the Office of Veterans Services.

The Immigration Act of 1990, in recognition of their war time services, allowed Filipino veterans of World War II to immigrate into the country, but did not address the issue of their adult children. Unlike minor children, they require a visa to enter the United States. As a result many of the elderly veterans who immigrated to the United States are without the support and comfort of their children, and, being of retirement age, are unable to financially sponsor their children for entry into the United States. This concurrent resolution urges legislative redress for this situation.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 48, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 1642 Transportation and Intergovernmental Affairs on H.C.R. No. 223

The purpose of this concurrent resolution is to express legislative support for the efforts by the Hawaii Congressional Delegation, and others to homeport the Japanese Midget Submarine, Ha-19, at Pearl Harbor.

Your Committee received testimony in support of this concurrent resolution from U.S. Senator Daniel Inouye, the United States National Park Service, the USS Bowfin Submarine Museum and Park, and The Chamber of Commerce of Hawaii.

The Ha-19, was one of five midget submarines used in the attack on Pearl Harbor. It was captured at Bellows Beach on the evening of December 7, 1941, when it ran aground. In 1990, the Naval Historical Center authorized the National Park Service to transfer the Navy owned submarine to the USS Arizona Memorial. While negotiations between the Navy and the Park Service were proceeding, the Admiral Nimitz Museum (Museum) in Fredericksburg, Texas requested permission to display the submarine for the fiftieth anniversary of the Pearl Harbor attack. The National Park Service agreed to the request on the condition that the submarine would be returned to the USS Arizona Memorial. The loan period has expired but the Museum has refused to return the submarine, and has instead requested the Navy to transfer the submarine to the Museum permanently. This concurrent resolution expresses legislative support for all efforts to return the Ha-19 to the USS Arizona Memorial which is most appropriate given the history of that submarine and its role in the attack on Pearl Harbor.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 223 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 1643 Transportation and Intergovernmental Affairs on H.C.R. No. 238

The purpose of this concurrent resolution is to request the Federal Aviation Administration to study the feasibility of the installation of appropriate navigational aids to assist pilots, or the establishment of a policy to ban flights in Halawa Valley.

Your Committee received testimony in support of this measure from the Maui County Council.

Your Committee finds that the island of Molokai is dependent on air transportation for both residents and visitors, and must rely on the adequacy of aviation safety features. Your Committee further finds that two tragic air disasters in recent years have resulted in the loss of several lives.

This worthwhile measure is seeking to save lives by installing navigational aids for pilots, or by banning flights altogether in Halawa Valley.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 238, H.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 1644 Transportation and Intergovernmental Affairs on H.C.R. No. 245

The purpose of this concurrent resolution is to request the Department of Transportation (DOT) to name the "Haleiwa Bypass" in honor of the late Representative Joseph P. Leong.

Your Committee received testimony in support of this measure from many private citizens.

The late Representative Joseph P. Leong of the North Shore was most instrumental in the 1980's for the legislative appropriation for the plans, design, and construction of the Haleiwa bypass. That much-needed transportation artery is today a reality and has

improved the traffic flow immensely for North Shore residents by facilitating their commute to and from Central Oahu and Honolulu. In honor of this accomplishment for the betterment of life for people of the North Shore, your Committee believes that it is a fitting and appropriate gesture to name the Haleiwa bypass after Representative Joseph P. Leong.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 245 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 1645 Judiciary on Gov. Msg. No. 184 and 186

Recommending that the Senate advise and consent to the nominations of the following:

WILLIAM T. EMMSLEY, JR., and HARLOW M.S.L. URABE to the Correctional Industries Advisory Committee, terms to expire June 30, 1999 (Gov. Msg. No. 184);

C.E. RAGS SCANLAN and JOHN (JACK) F. SULLIVAN, JR., to the Correctional Industries Advisory Committee, terms to expire June 30, 2000 (Gov. Msg. No. 184);

KAREN H. IWAMOTO and HELEN Y. RAUER to the Correctional Industries Advisory Committee, terms to expire June 30, 2001 (Gov. Msg. No. 184); and

LES S. IHARA to the Criminal Injuries Compensation Commission, term to expire June 30, 2001 (Gov. Msg. No. 186).

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Sakamoto).

SCRep. 1646 Judiciary on Gov. Msg. No. 195

Recommending that the Senate advise and consent to the nominations of HARRY YEE and FAYE KENNEDY to the Civil Rights Commission, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Sakamoto).

SCRep. 1647 Transportation and Intergovernmental Affairs on Gov. Msg. No. 225

Recommending that the Senate advise and consent to the nominations of WILLIAM B. C. HEE and DONALD A SEGAWA to the Commission on Transportation, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Slom).

SCRep. 1648 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 128

The purpose of this concurrent resolution is to request the Department of Education (DOE) and the Department of Commerce and Consumer Affairs (DCCA) to jointly study the feasibility of transferring the licensing of massage therapy schools to the DCCA.

Your Committee received testimony in support of this measure from the DOE. The Board of Massage Therapy (Board) submitted extensive comments.

Your Committee finds that massage schools are licensed by the DOE, which assures educational standards, methods of instruction, financial stability of the school, adequacy of facilities and equipment, and preparation of school curriculum among other things. The function of the Board, within the regulatory scheme of the DCCA, is to register apprentice and massage course offerings, and to license individuals qualified to practice massage therapy and massage therapy establishments.

Your Committee notes the concerns of the Board that it lacks the expertise to conduct a more complex DOE type school licensing. However, the Board does support a study and proposed an amendment to request that an evaluation be conducted by the Auditor to determine whether continued regulation of massage schools by the DOE is appropriate, and to address other related concerns in that study.

Your Committee concurs with the changes proposed by the Board and has amended this concurrent resolution accordingly.

The purpose of this concurrent resolution as amended by your Committee is to request the Auditor to conduct a study similar to a sunset evaluation to:

- (1) Determine whether continued regulation of massage schools by the DOE is appropriate; and
- (2) Consider whether repeal or transfer of massage school licensure will:
 - (A) Impact eligibility and participation by massage students in federal student aid programs, and other grant and loan programs; and
 - (B) Impact massage school accreditation by private accrediting agencies.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.C.R. No. 128, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 128, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1649 Commerce, Consumer Protection, and Information Technology on S.R. No. 60

The purpose of this resolution is to request the Department of Education (DOE) and the Department of Commerce and Consumer Affairs (DCCA) to jointly study the feasibility of transferring the licensing of massage therapy schools to the DCCA.

Your Committee received testimony in support of this measure from the DOE. The Board of Massage Therapy (Board) submitted extensive comments.

Your Committee finds that massage schools are licensed by the DOE, which assures educational standards, methods of instruction, financial stability of the school, adequacy of facilities and equipment, and preparation of school curriculum among other things. The function of the Board, within the regulatory scheme of the DCCA, is to register apprentice and massage course offerings, and to license individuals qualified to practice massage therapy and massage therapy establishments.

Your Committee notes the concerns of the Board that it lacks the expertise to conduct a more complex DOE type school licensing. However, the Board does support a study and proposed an amendment to request that an evaluation be conducted by the Auditor to determine whether continued regulation of massage schools by the DOE is appropriate, and to address other related concerns in that study.

Your Committee concurs with the changes proposed by the Board and has amended this resolution accordingly.

The purpose of this resolution as amended by your Committee is to request the Auditor to conduct a study similar to a sunset evaluation to:

- (1) Determine whether continued regulation of massage schools by the DOE is appropriate; and
- (2) Consider whether repeal or transfer of massage school licensure will:
 - (A) Impact eligibility and participation by massage students in federal student aid programs, and other grant and loan programs; and
 - (B) Impact massage school accreditation by private accrediting agencies.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.R. No. 60, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 60, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Solomon).

SCRep. 1650 (Majority) Health and Environment on S.C.R. No. 108

The purpose of this concurrent resolution is to urge the U.S. Congress to prohibit American corporations from participating in the deforestation of tropical rainforests.

Your Committee received testimonies in support of this measure from the Department of Land and Natural Resources (DLNR) and an individual advocate.

The DLNR stressed that it has worked actively with federal, state, county, and private citizens regarding the deforestation of tropical rainforests in Hawaii. For example, it has established a State Natural Area Reserve System which mandates the management of 19 reserves on five islands protecting nearly 109,000 acres of intact tropical rainforests on state land. The DLNR believes that the reserve system has protected thousands of plant and animal species from further destruction.

After thorough review of this concurrent resolution and the aforementioned testimonies, your Committee finds that this concurrent resolution sets forth a position that would enhance the global environment and which is appropriate for Hawaii to endorse.

As affirmed by the record of votes of the members of your Committee on Health and Environment that are attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 108 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Slom). Excused, none.

SCRep. 1651 Health and Environment on S.R. No. 42

The purpose of this resolution is to urge the U.S. Congress to prohibit American corporations from participating in the deforestation of tropical rainforests.

Your Committee received testimonies in support of this measure from the Department of Land and Natural Resources (DLNR) and an individual advocate.

The DLNR stressed that it has worked actively with federal, state, county, and private citizens regarding the deforestation of tropical rainforests in Hawaii. For example, it has established a State Natural Area Reserve System which mandates the management of 19 reserves on five islands protecting nearly 109,000 acres of intact tropical rainforests on state land. The DLNR believes that the reserve system has protected thousands of plant and animal species from further destruction.

After thorough review of this resolution and the aforementioned testimonies, your Committee finds that this concurrent resolution sets forth a position that would enhance the global environment and which is appropriate for Hawaii to endorse.

As affirmed by the record of votes of the members of your Committee on Health and Environment that are attached to this report, your Committee concurs with the intent and purpose of S.R. No. 42 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Slom).

SCRep. 1652 **Health and Environment on S.R. No. 44**

The purpose of this resolution is to protect the public from the possible adverse health effects of exposure to pesticides, herbicides, and insecticides by requesting the Department of Health (DOH) to:

- (1) Reconsider and reexamine its policy of allowing the aerial spraying of pesticides, herbicides, and insecticides; and
- (2) Consider imposing greater restrictions of this type of spraying unless the user can show clear and convincing reasons as to why the spraying should be allowed to continue.

Favorable testimony on the measure was received from the Hawaii County Green Party and two concerned individuals. The Department of Health agreed with the intent of the measure but deferred to the Department of Agriculture. The Hawaii Island Economic Development Board; the Drug Enforcement Administration, Honolulu District Office; the Department of Agriculture; Applied Public Relations, representing the American Crop Protection Association, the Western Crop Protection Association, and several manufacturers of agricultural and nonstructural pesticides; Murrayair Ltd.; Gay & Robinson, Inc.; AMFAC Sugar and Agribusiness; Hamakua Timber; Hawaiian Commercial and Sugar Company; and the Hawaii Agriculture Research Center submitted testimony in opposition to the measure. The Police Department of the City and County of Honolulu stated that although the protection of the environment is of great importance, chemical eradication of marijuana should not be restricted without further study of its impact to the environment.

Testimony indicated that the issue of aerial spraying of pesticides is not one that is taken lightly by agricultural producers. The use of pesticides, including the aerial methods of application, is highly regulated by the Environmental Protection Agency. Up to 120 product tests are required to determine the potential effects pesticides may have on the health and safety of the public, before a pesticide is allowed to be marketed. The label that is affixed to a container of pesticide dictates the allowable uses and permitted methods of application. Additionally, the State further regulates the use of pesticides.

Your Committee notes that much of the testimony received appears to focus on the issue of the aerial application of herbicides, specifically glyphosate, which is the active ingredient in some weed killers (i.e. Roundup and Rodeo). Therefore, your Committee believes that it is appropriate to focus the measure on the same issue.

The DOH indicated that because glyphosate has been extensively studied, there exists a great amount of scientific literature regarding the possible health effects of this herbicide. The DOH suggested that to address some of the concerns expressed regarding the possible health effects of the aerial application of herbicides like glyphosate, the DOH would be willing to compile, digest, and evaluate the available scientific evidence. Additionally, the DOH indicated that it would also be willing to evaluate the possible health effects of the aerial application of glyphosate and other herbicide compounds as it may specifically apply to:

- (1) The Hamakua region on the Island of Hawaii; and
- (2) The efforts to eradicate marijuana plants.

After considering the testimony received and the merits of the measure, your Committee has amended the measure by changing its focus from urging restrictions on the aerial spraying of pesticides, herbicides, and insecticides, to evaluating the possible health effects of the aerial application of glyphosate and other herbicides.

Specifically, the measure was amended by, among other things:

- (1) Revising the title to reflect the new focus;
- (2) Requesting the DOH to compile, digest, and evaluate the available scientific evidence as it relates to the possible health effects of the aerial application of glyphosate and other herbicides, as suggested by the DOH; and
- (3) Requesting that the DOH include an evaluation of the effects of aerial spraying of glyphosate as it may specifically apply to:
 - (A) The Hamakua Region on the Island of Hawaii; and
 - (B) The efforts to eradicate marijuana plants.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 44, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 44, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, none.

SCRep. 1653 Human Resources on S.C.R. No. 41

The purpose of this concurrent resolution is to urge Congress to mandate the U.S. Federal Reserve System to adopt a full employment policy.

Your Committee received testimony in support of this measure from the American Friends Service Committee and two private individuals.

Your Committee believes that a full employment policy is beneficial for the United States economy and will aid in lowering the unemployment rate. This, in turn, will help to relieve high unemployment.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 41 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Baker, Fukunaga, Anderson).

SCRep. 1654 Human Resources on S.C.R. No. 52

The purpose of this concurrent resolution is to request the State Department of Human Services (DHS) to establish guidelines in the amendment of rules on the Med-Quest Program.

Your Committee received testimony in support of this measure from the Commission on Persons with Disabilities, Mental Health Association of Hawaii, Advocates for Independent Living, Hawaii Medical Association, and a private person with disabilities. The DHS submitted informational testimony.

Your Committee believes that the public, particularly QUEST recipients, should be informed in advance of any changes to QUEST as far in advance as possible of the effective date of rule changes. Your Committee further believes that the DHS should seek as wide an input from affected or interested organizations as possible in the drafting of rule changes to QUEST.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 52 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Baker, Fukunaga, Anderson).

SCRep. 1655 Human Resources on S.C.R. No. 155

The purpose of this concurrent resolution is to request the Department of Human Services to examine and reconsider the appropriateness of the formulary approved for QUEST patients and the process of authorizing the use of non-formulary drugs.

Your Committee received testimony in support of this concurrent resolution from the State Planning Council on Developmental Disabilities, the State Commission on Persons with Disabilities, Mental Health Association of Hawaii (MHA/H) and the Protection and Advocacy Agency of Hawaii (P&A). Testimony in opposition to this concurrent resolution was received from the Queen's Health Plans and Aloha Care. The Department of Human Services felt that they were already addressing the issues described in the concurrent resolution so legislation was unnecessary.

Your Committee finds that though improvements are being implemented in the formulary approved for QUEST patients, problems and delays still exist for those individuals on Medicaid.

Your Committee has amended this concurrent resolution and its title by:

- (1) Including Medicaid patients in the study; and
- (2) Requesting that a more expeditious and less cumbersome process for authorizing the use of non-formulary drugs be developed.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 155, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 155, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Baker, Fukunaga, Anderson).

SCRep. 1656 Human Resources on S.R. No. 80

The purpose of this resolution is to request the Department of Human Services to examine and reconsider the appropriateness of the formulary approved for QUEST patients and the process of authorizing the use of non-formulary drugs.

Your Committee received testimony in support of this resolution from the State Planning Council on Developmental Disabilities, the State Commission on Persons with Disabilities, Mental Health Association of Hawaii (MHA/H) and the Protection and Advocacy Agency of Hawaii (P&A). Testimony in opposition to this resolution was received from the Queen's Health Plans and Aloha Care. The Department of Human Services felt that they were already addressing the issues described in the resolution so legislation was unnecessary.

Your Committee finds that though improvements are being implemented in the formulary approved for QUEST patients, problems and delays still exist for those individuals on Medicaid.

Your Committee has amended this resolution and its title by:

- (1) Including Medicaid patients in the study; and
- (2) Requesting that a more expeditious and less cumbersome process for authorizing the use of non-formulary drugs be developed.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 80, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 80, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Baker, Fukunaga, Anderson).

SCRep. 1657 (Joint) Health and Environment and Water, Land, and Hawaiian Affairs on S.C.R. No. 13

The purpose of this concurrent resolution is to urge the Department of Health to continue the promotion of nutrition education for the Native Hawaiian population.

Your Committee heard testimony in favor of this concurrent resolution submitted by the Director of Health and the Association of Hawaiian Civic Clubs.

After considering the testimony and the merits of this measure, your Committee finds that the Native Hawaiian Nutrition Education program has contributed significantly to overall increased awareness among the Native Hawaiian population of the importance of proper nutrition in the prevention of chronic health problems. The program's training and technical support for community outreach workers and enhancement of the Native Hawaiian Health Care Systems has proven effective and indispensable in the efforts to improve the health of Native Hawaiians statewide.

Your Committee amended this concurrent resolution by making technical, nonsubstantive changes for clarity and style.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Water, Land, and Hawaiian Affairs that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 13, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 13, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 4 (Baker, Fukunaga, Tam, Taniguchi).

SCRep. 1658 Health and Environment on Gov. Msg. No. 187

Recommending that the Senate advise and consent to the nominations of JULIE KUBO, Pharm.D., and JAMES T. MIYAHARA, Ph.D. to the Drug Product Selection Board, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1659 Health and Environment on Gov. Msg. No. 191

Recommending that the Senate advise and consent to the nomination of ALLEN SOUZA to the Board of Certification of Operating Personnel in Wastewater Treatment Plants, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1660 Health and Environment on Gov. Msg. No. 197

Recommending that the Senate advise and consent to the nominations of the following to the Environmental Council:

CYNTHIA D. CHARLTON, term to expire June 30, 1998; and

ROGER CASTRO, term to expire June 30, 1999.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1661 Health and Environment on Gov. Msg. No. 211

Recommending that the Senate advise and consent to the nomination of WINTHROP SCOTT SCHAEFER, M.I.C.T. to the Emergency Medical Services Advisory Committee, term to expire June 30, 2000.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1662 Health and Environment on Gov. Msg. No. 213

Recommending that the Senate advise and consent to the nominations of JAMES K. AHLOY and DAWN SUYENAGA to the Board of Trustees, Hawai'i Public Employees Health Fund, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1663 Health and Environment on Gov. Msg. No. 214

Recommending that the Senate advise and consent to the nominations of HARVEY W. SMITH and JULIA O. ABBEN to the Board of Health, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1664 Health and Environment on Gov. Msg. No. 216

Recommending that the Senate advise and consent to the nominations of the following to the Medical Advisory Board:

LAWRENCE H. GORDON, M.D., term to expire June 30, 2000; and

JEFFREY AKAKA, M.D., term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1665 Health and Environment on Gov. Msg. No. 228

Recommending that the Senate advise and consent to the nomination of HAROLD HART to the Board of Certification of Operating Personnel in Water Treatment Plants, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 1 (Tam).

SCRep. 1666 Education on S.C.R. No. 78

The purpose of this concurrent resolution is to request that the Governor and the Board of Education adopt new parking standards to meet the demand for increased parking in public schools and to determine fair and reasonable methods for accommodating present and future parking demands on campuses.

Your Committee received testimony from the Department of Education (DOE) expressing its willingness to work with the Governor.

Your Committee finds that there is a need for additional on-campus parking at some schools due to programs such as school/community-based management, parent-community networking centers, and after-school A+ programs.

Your Committee also finds that excess on-campus parking may contribute to traffic and student problems.

Your Committee amended this concurrent resolution by:

- (1) Adding the words "at some schools" to the third paragraph;
- (2) Adding a new paragraph discussing the possible positive effects of eliminating parking on some campuses;
- (3) Changing the word "demand" to "needs" in the paragraph discussing the formula for distribution of resources;
- (4) Replacing the Governor and the Board of Education with the Department of Education in the paragraphs requesting action, and replacing the original request to the DOE with a request to review all public school parking situations, including cost implications and the possibility of reducing parking facilities on some campuses;
- (5) Amending the paragraph requesting the determination of fair and reasonable methods for accommodating present and future parking demands on campuses to broaden the scope of variables for consideration to include the needs of all public school campuses; and
- (6) Amending the title of this concurrent resolution to read:

"REQUESTING A REVIEW OF ALL PUBLIC SCHOOL PARKING SITUATIONS."

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 78, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 78, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1667 Education on S.R. No. 16

The purpose of this resolution is to request that the Governor and the Board of Education adopt new parking standards to meet the demand for increased parking in public schools and to determine fair and reasonable methods for accommodating present and future parking demands on campuses.

Your Committee received testimony from the Department of Education (DOE) expressing its willingness to work with the Governor.

Your Committee finds that there is a need for additional on-campus parking at some schools due to programs such as school/community-based management, parent-community networking centers, and after-school A+ programs.

Your Committee also finds that excess on-campus parking may contribute to traffic and student problems.

Your Committee amended this resolution by:

- (1) Adding the words "at some schools" to the third paragraph;
- (2) Adding a new paragraph discussing the possible positive effects of eliminating parking on some campuses;
- (3) Changing the word "demand" to "needs" in the paragraph discussing the formula for distribution of resources;
- (4) Replacing the Governor and the Board of Education with the Department of Education in the paragraphs requesting action, and replacing the original request to the DOE with a request to review all public school parking situations, including cost implications and the possibility of reducing parking facilities on some campuses;
- (5) Amending the paragraph requesting the determination of fair and reasonable methods for accommodating present and future parking demands on campuses to broaden the scope of variables for consideration to include the needs of all public school campuses; and
- (6) Amending the title of this resolution to read:

"REQUESTING A REVIEW OF ALL PUBLIC SCHOOL PARKING SITUATIONS."

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 16, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 16, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1668 Human Resources on S.C.R. No. 147

The purpose of this concurrent resolution is to request the State Employees' Retirement System to expeditiously calculate the sick leave credit for retired teachers and the payment of adjusted retirement compensation within ninety days of retirement.

Your Committee received testimony in support of this measure from the Department of Education (DOE). Informational testimony was submitted by the Employees' Retirement System (ERS).

Your Committee finds that retirees from the DOE must currently wait for many months after retiring before receiving their accumulated sick leave credit after the date of retirement. Testimony from the ERS acknowledged the backlog and attributed it to the consequences of legislation granting additional benefits to ERS members and to budgetary cutbacks in ERS staff. The DOE sustained large numbers of retirements in the early retirement incentive program. According to the ERS, there has been a delay in receiving audited leave records from the respective departments, which is a prerequisite for the ERS to pay additional pension benefits for unused sick leave. Their goal is to finalize all retirees with audited leave records by April 30, 1997, including school teachers.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 147, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Baker, Fukunaga, Anderson).

SCRep. 1669 Human Resources on S.R. No. 74

The purpose of this resolution is to request the State Employees' Retirement System to expeditiously calculate the sick leave credit for retired teachers and the payment of adjusted retirement compensation within ninety days of retirement.

Your Committee received testimony in support of this measure from the Department of Education (DOE). Informational testimony was submitted by the Employees' Retirement System (ERS).

Your Committee finds that retirees from the DOE must currently wait for many months after retiring before receiving their accumulated sick leave credit after the date of retirement. Testimony from the ERS acknowledged the backlog and attributed it to the consequences of legislation granting additional benefits to ERS members and to budgetary cutbacks in ERS staff. The DOE sustained large numbers of retirements in the early retirement incentive program. According to the ERS, there has been a delay in receiving audited leave records from the respective departments, which is a prerequisite for the ERS to pay additional pension benefits for unused sick leave. Their goal is to finalize all retirees with audited leave records by April 30, 1997, including school teachers.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 74, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Baker, Fukunaga, Anderson).

SCRep. 1670 Ways and Means on S.C.R. No. 2

The purpose of this Concurrent Resolution is to request the Legislative Reference Bureau to conduct a study to establish an appropriate salary structure for all state justices and judges, with the rates of compensation at each court level to be supplemented by increments for length of continuous creditable service in the state Judiciary.

Your Committee finds that the relationship between judicial compensation and judicial retention is simple and direct. Insufficient compensation creates the risk that judges will leave the bench, depriving the public of the significant value of their experience. Your Committee further finds that there is a legitimate need to ensure that the most highly qualified individuals will continue to serve in the Judiciary. Accordingly, judicial salaries and benefits must be such that, when combined with other relevant factors such as the prestige and honor of public service, the total compensation of a judicial position is comparable to that offered by other career opportunities in the legal profession. Your Committee also notes that eight states have judicial salary increases indexed to changes in cost-of-living measures, such as the consumer price index, and four states have judicial salary increases tied to increases in compensation for other state civil service employees.

Your Committee concurs that further study is needed in order for the Legislature to recommend fair and reasonable salary levels and to provide for an objective mechanism for salary adjustments, when appropriate and necessary.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 2, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tam, Tanaka, Taniguchi).

SCRep. 1671 Ways and Means on S.C.R. No. 33

The purpose of this Concurrent Resolution is to request the Auditor to perform a sunrise review of the regulation of tow truck operators.

Your Committee finds that tow truck operators are not currently regulated. However, they perform the vital function of moving disabled, wrecked, and abandoned vehicles, which contributes to easing commuter traffic and increasing highway safety. Lack of regulation could lead to harm to the public.

Your Committee further finds that House Bill No. 148, S.D. 1, was introduced in the 1997 Session to regulate the tow truck industry. State law requires the Auditor to perform a sunrise review before previously unregulated industries can be regulated. H.B. No. 148, S.D. 1, provides a proposal for the Auditor to examine and report upon in performing the sunrise review requested in this Concurrent Resolution.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 33, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tam, Tanaka, Taniguchi).

SCRep. 1672 Ways and Means on S.C.R. No. 125

The purpose of this concurrent resolution is to urge the Public Utilities Commission to consider funding some portion of ASK-2000 for the 1997-1999 fiscal biennium.

Your Committee finds that ASK-2000 was created in June 1990, as a partnership between the public and private sectors (originally involving the Department of Health, Department of Human Services, Department of Labor and Industrial Relations, Department of Budget and Finance, Aloha United Way, Volunteer Information and Referral Service, and Hawaii Community Services Council), as a means of addressing the lack of coordination among service providers and the fragmented human service delivery system. As such, ASK-2000 has provided a single point of access through its Helpline and a comprehensive data base of resources through the Resource Center. Your Committee finds that ASK-2000 has proven to be a necessary and valuable resource, as evidenced by the nearly 12,000 calls each month, at its peak, from people seeking assistance covering a spectrum of topics that include food, shelter, clothing, medical care, counseling, education, and consumer assistance.

However, ASK-2000 has experienced severe cuts in funding, due to the State's present budget crisis, and has survived this year only because of funding from the Aloha United Way. This loss of funding has resulted in the loss of toll free access to ASK-2000 for the neighbor islands and a significant reduction in services offered and could lead to elimination of the critical services provided by ASK-2000. Your Committee finds that ASK-2000 needs a secure source of funding to ensure the continuation of its statewide information and referral services.

In 1995, the Legislature established the universal service program, to promote, in part, affordable access throughout the State to enhanced government information and services, and created the universal service fund to be used by the Public Utilities Commission to support the universal service program.

Your Committee further finds that rules adopted by the Public Utilities Commission to administer the fund provide a mechanism to consider including a particular service in the group of services to be subsidized or funded by the universal service fund. Section 6-81-19, Hawaii Administrative Rules, allows any person, by written petition, to initiate a proceeding to add a service to the group of funded services. Your Committee supports this process and believes that it is an appropriate mechanism for funding ASK-2000.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 125, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tam, Tanaka, Taniguchi).

SCRep. 1673 Ways and Means on S.C.R. No. 171

The purpose of this Concurrent Resolution is to request the Auditor to conduct a management and financial audit of the Hawaii State Library system.

Your Committee finds that the State's fiscal crisis has severely affected the state public library system. Many changes have had to be made in the personnel and book buying areas. Library users may also have been impacted in ways they are not aware, despite every effort to keep libraries open and serving the public.

Your Committee finds that the last audit of the library system conducted in 1986 did not examine the library system's fiscal and management soundness, but evaluated the personnel job sharing program. The current request for the management and financial audit is therefore long overdue.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 171, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tam, Tanaka, Taniguchi).

SCRep. 1674 Ways and Means on S.C.R. No. 173

The purpose of this Concurrent Resolution is to request the Auditor to review, for the State's best interests, the Hawaii State Library's book contract with Baker and Taylor.

Your Committee finds that the Baker and Taylor contract was entered into with the expectation of receiving a certain level of goods and services for the benefit of the people of this State, at a cost that would permit the retention of library personnel previously assigned the task of obtaining library materials and allow them to spend more time with the public. However, allegations have been made that the Baker and Taylor contract provides a disservice to the people of the State by providing a poor selection of library materials, through the shipping of inappropriate materials, the overuse of cheap books, the disregard of librarian requests and recommendations, and the neglect of important Hawaiian and reference works. There have also been allegations of problems with the distribution practices and the availability of discounts. If true, this situation would be of serious concern to the Legislature.

Your Committee notes that the Auditor is charged with the responsibility of performing examinations to discover improper practices of financial administration, and as such, is best suited to examine whether this contract is a proper way to handle state funds and state responsibilities.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 173, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tam, Tanaka, Taniguchi).

SCRep. 1675 Ways and Means on S.C.R. No. 182

The purpose of this Concurrent Resolution is to urge the Board of Education to review its policy for working with Hawaii's deaf, hard-of-hearing, and deaf-blind community members.

Specifically, this Concurrent Resolution urges the Board of Education to review and consider the educational bill of rights contained in the Concurrent Resolution when making decisions on deaf, hard-of-hearing, and deaf-blind children's education. This Concurrent Resolution also requests the Board of Education to report to the Legislature on actions taken to address this issue twenty days prior to the convening of the regular session of 1998.

Your Committee finds that it is essential that children who are deaf, hard-of-hearing, and deaf-blind are educated in a manner in which their unique communication mode is utilized and developed, and that their school environment is communication accessible. Your Committee believes that this Concurrent Resolution takes a step in that direction.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 182, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tam, Tanaka, Taniguchi).

SCRep. 1676 Ways and Means on S.C.R. No. 184

The purpose of this Concurrent Resolution is to establish a Commission on Hawaii in the Twenty-First Century.

The eight-member Commission is to work with the Hawaii Research Center for Futures Studies to formulate strategies and study the effects and changes produced by scientific and technological achievements and social changes with respect to the economic, political, cultural, and social systems and the environment of Hawaii and the world in order to assess the future of Hawaii.

Your Committee finds that the Commission established by this Concurrent Resolution is necessary to ascertain changes that will impact Hawaii in the future, including the effect of emerging electronic technologies on the future economy of the State and the possibilities for the creation of new jobs and industries, changes in Hawaii's educational system, and other areas. Planning for Hawaii's future will help the State prepare programs, including legislative and administrative action, in anticipation of new opportunities and challenges in scientific, technological, environmental, social, and other areas.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 184 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tam, Tanaka, Taniguchi).

SCRep. 1677 Ways and Means on S.C.R. No. 233

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to study the impacts of dental provider reimbursement practices of health insurers and like entities.

Your Committee finds that the core issue in the enormous and complex undertaking requested in this concurrent resolution is whether the State should discourage health insurers from forming participating provider arrangements with dentists. Your Committee is concerned that these arrangements interfere with what would otherwise be a free market for dental services between dentists and their clients. In other words, that these arrangements may be imposing unreasonable price ceilings on the cost of dental services, thereby lowering the quality of care delivered by dentists to their clients.

Your Committee finds that by coupling dental insurance policies with participating provider arrangements, dental insurers create economic incentives both for dental clients to seek services primarily from participating dentists and for all dentists to become participating dentists. Your Committee is even aware that at least one insurer has an exclusivity provision in its provider arrangement that serves to discourage its participants from participating in any other insurer's arrangements.

Clients seek out participating providers for at least three reasons. First, participating providers are bound by maximum allowable charges (price ceilings) whereas nonparticipating providers are not. Thus, it is likely that participating providers generally charge less for their services than do nonparticipating providers. Second, the insurer pays a greater proportion of the charge if the charge is incurred by a participating provider than by a nonparticipating provider. A larger portion of the charge paid by the insurer means lesser out-of-pocket expenses for the client. Third, the insurer pays the insurer's portion of the charge directly to the provider, if the provider is a participating provider. If not, reimbursement is made to the client, who is then obligated to take the trouble to send the reimbursement to the dentist. Direct reimbursement to the provider is convenient, indirect reimbursement is not.

Dentists join provider arrangements primarily for one reason: risk-free reimbursement. Participating providers are reimbursed directly by the insurer. Nonparticipating providers must interminably await reimbursement from their clients, who sometimes neglect to pay their dentists the reimbursement amounts the clients received from the insurer. The disadvantage of joining an arrangement is that the dentist cannot charge the client more than the maximum allowable charge.

Your Committee finds that insurer reimbursement practices understandably cause unhappiness among dentists who choose to remain nonparticipating. However, your Committee finds evidence that even dentists who become participating providers are unhappy with the arrangement. Even under a participating provider arrangement, a dentist must still receive a portion of the charge from the client. The client is responsible for the co-payment obligation. Collection problems could still arise. In a Hawaii federal district court case, an enterprising dentist evidently attempted to collect all his reimbursement from the insurer. The dentist purportedly waived his client's co-payment obligation and instead overcharged the insurer just enough so that the insurer's cost-reimbursement to him would equal both the client's co-payment obligation and the insurer's true obligation. The dentist's cost-shifting strategy was struck down by the court as a fraudulent practice.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 233, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tam, Tanaka, Taniguchi).

SCRep. 1678 Ways and Means on S.R. No. 118

The purpose of this resolution is to request the Legislative Reference Bureau to study the impacts of dental provider reimbursement practices of health insurers and like entities.

Your Committee finds that the core issue in the enormous and complex undertaking requested in this resolution is whether the State should discourage health insurers from forming participating provider arrangements with dentists. Your Committee is concerned that these arrangements interfere with what would otherwise be a free market for dental services between dentists and their clients. In other words, that these arrangements may be imposing unreasonable price ceilings on the cost of dental services, thereby lowering the quality of care delivered by dentists to their clients.

Your Committee finds that by coupling dental insurance policies with participating provider arrangements, dental insurers create economic incentives both for dental clients to seek services primarily from participating dentists and for all dentists to become participating dentists. Your Committee is even aware that at least one insurer has an exclusivity provision in its provider arrangement that serves to discourage its participants from participating in any other insurer's arrangements.

Clients seek out participating providers for at least three reasons. First, participating providers are bound by maximum allowable charges (price ceilings) whereas nonparticipating providers are not. Thus, it is likely that participating providers generally charge less for their services than do nonparticipating providers. Second, the insurer pays a greater proportion of the charge if the charge is incurred by a participating provider than by a nonparticipating provider. A larger portion of the charge paid by the insurer means lesser out-of-pocket expenses for the client. Third, the insurer pays the insurer's portion of the charge directly to the provider, if the provider is a participating provider. If not, reimbursement is made to the client, who is then obligated to take the trouble to send the reimbursement to the dentist. Direct reimbursement to the provider is convenient, indirect reimbursement is not.

Dentists join provider arrangements primarily for one reason: risk-free reimbursement. Participating providers are reimbursed directly by the insurer. Nonparticipating providers must interminably await reimbursement from their clients, who sometimes neglect to pay their dentists the reimbursement amounts the clients received from the insurer. The disadvantage of joining an arrangement is that the dentist cannot charge the client more than the maximum allowable charge.

Your Committee finds that insurer reimbursement practices understandably cause unhappiness among dentists who choose to remain nonparticipating. However, your Committee finds evidence that even dentists who become participating providers are unhappy with the arrangement. Even under a participating provider arrangement, a dentist must still receive a portion of the charge from the client. The client is responsible for the co-payment obligation. Collection problems could still arise. In a Hawaii federal district court case, an enterprising dentist evidently attempted to collect all his reimbursement from the insurer. The dentist purportedly waived his client's co-payment obligation and instead overcharged the insurer just enough so that the insurer's reimbursement to him would equal both the client's co-payment obligation and the insurer's true obligation. The dentist's cost-shifting strategy was struck down by the court as a fraudulent practice.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 118, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tam, Tanaka, Taniguchi).

SCRep. 1679 Ways and Means on S.C.R. No. 244

The purpose of this Concurrent Resolution is to request the University of Hawaii to enter a turn-key agreement for the design and construction of a new facility for the Maui Community College-Molokai Education Center in Kaunakakai, Molokai.

Your Committee finds that a turn-key project will produce a modern permanent facility to replace overcrowded temporary facilities. The physical constraints of the present structures prevent the Molokai Education Center from expanding its curriculum and services to meet the increasing student and community needs for higher education on the island of Molokai, which has historically been underserved.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 244 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tam, Tanaka, Taniguchi).

SCRep. 1680 Ways and Means on S.C.R. No. 248

The purpose of this Concurrent Resolution is to request the Legislative Reference Bureau to conduct a study on alternative funding options for tourism marketing and promotion, including recommendations for improving program accountability and the measurement of program performance and achievements.

Your Committee finds that the continued success of the visitor industry is vital to the State's economic recovery. In this regard, your Committee finds it imperative that a comprehensive analysis of the fundamental issues regarding the funding, management, and organization of the State's tourism marketing program be performed.

Your Committee believes that this study will provide long-term options for increased public-private sector cooperation in tourism promotion for Hawaii.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 248, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tam, Tanaka, Taniguchi).

SCRep. 1681 Ways and Means on S.R. No. 124

The purpose of this Resolution is to request the Legislative Reference Bureau to conduct a study on alternative funding options for tourism marketing and promotion, including recommendations for improving program accountability and the measurement of program performance and achievements.

Your Committee finds that the continued success of the visitor industry is vital to the State's economic recovery. In this regard, your Committee finds it imperative that a comprehensive analysis of the fundamental issues regarding the funding, management, and organization of the State's tourism marketing program be performed.

Your Committee believes that this study will provide long-term options for increased public-private sector cooperation in tourism promotion for Hawaii.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 124, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tam, Tanaka, Taniguchi).

SCRep. 1682 Ways and Means on S.C.R. No. 249

The purpose of this Concurrent Resolution is to request a study of sports tourism.

In particular, the Department of Business, Economic Development, and Tourism is requested to conduct a comprehensive study, in collaboration with the Senate Committee on Economic Development and the House Committee on Tourism, of Hawaii's sports tourism industry and to formulate with those Committees a plan for future expansion of sports tourism.

Your Committee finds that established sporting events in Hawaii, such as the Ironman Triathlon, the Aloha Bowl, and the Honolulu Marathon, promote the State as a desirable and healthful visitor destination through national and international media coverage. While sports tourism is a large and rapidly growing segment of the State's visitor industry, competition is intensifying among major visitor destinations around the world. Your Committee finds that this measure is necessary to ensure the development of a comprehensive strategic plan for the future expansion of sports tourism, which may support and stimulate local businesses and create new jobs for Hawaii's residents.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 249, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tam, Tanaka, Taniguchi).

SCRep. 1683 Ways and Means on S.R. No. 125

The purpose of this resolution is to request a study of sports tourism.

In particular, the Department of Business, Economic Development, and Tourism is requested to conduct a comprehensive study, in collaboration with the Senate Committee on Economic Development and the House Committee on Tourism, of Hawaii's sports tourism industry and to formulate with those Committees a plan for future expansion of sports tourism.

Your Committee finds that established sporting events in Hawaii, such as the Ironman Triathlon, the Aloha Bowl, and the Honolulu Marathon, promote the State as a desirable and healthful visitor destination through national and international media coverage. While sports tourism is a large and rapidly growing segment of the State's visitor industry, competition is intensifying among major visitor destinations around the world. Your Committee finds that this measure is necessary to ensure the development of a comprehensive strategic plan for the future expansion of sports tourism, which may support and stimulate local businesses and create new jobs for Hawaii's residents.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 125, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tam, Tanaka, Taniguchi).

SCRep. 1684 Ways and Means on S.C.R. No. 270

The purpose of this Concurrent Resolution is to request the Auditor to conduct a management and financial audit of the Department of Education to determine the effectiveness of the lump sum budget approach in school/community-based management schools.

Your Committee finds that the goals of restructuring the public school system, through such governance initiatives as school/community-based management and lump sum budgeting, are to improve student and school performance, improve the quality of classroom instruction, and strengthen citizen interest in and support for schools. If these initiatives are not producing the desired results, then they need to be improved; however, there is no way of knowing if these initiatives need to be improved unless they are audited.

Your Committee wishes to note that the underlying purpose of this audit is to improve--not prove--the effectiveness of the lump sum budget approach in school/community-based management schools.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 270, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tam, Tanaka, Taniguchi).

SCRep. 1685 Ways and Means on S.C.R. No. 142

The purpose of this Concurrent Resolution is to request the Department of Taxation to study the effects of repealing the individual income tax and doubling the general excise tax rate, including an analysis of the expected revenues, personnel issues, and other issues the Department of Taxation deems relevant.

Your Committee finds that Hawaii's current and prolonged fiscal crisis requires all executive departments to focus even more keenly on the cost-effectiveness of their services. The Department of Human Services is no exception to this requirement. Indeed, with the passage of the Personal Responsibility and Work Opportunities Reconciliation Act of 1996 (Public Law 104-193), which imposes new and sweeping restrictions on the Department's welfare and assistance programs, the Department must work even harder to improve the cost-effectiveness of its programs by maximizing federal moneys, reimbursements for services, and other sources.

Your Committee finds that there is a need to assess the State's ability to continue providing benefits and services heretofore provided by the Department of Human Services, especially in light of the passage of Public Law 104-193.

Consequently, your Committee has amended this Concurrent Resolution by:

- (1) Amending its title to read:

"SENATE CONCURRENT RESOLUTION REQUESTING A MANAGEMENT AND FINANCIAL AUDIT OF THE DEPARTMENT OF HUMAN SERVICES."; and

- (2) Replacing its contents with language to request the Auditor to conduct a management and financial audit of the Department of Human Services.

Specifically, the amended Concurrent Resolution requests the Auditor to place particular emphasis on the Department's planning, management, staffing, and spending for:

- (1) Welfare, family support, and any and all associated training and work programs;
- (2) Health care insurance and payments;
- (3) Eligibility activities for any entitlement and optional programs; and
- (4) At least the programs funded by HMS 201, HMS 203, HMS 236, HMS 237, HMS 302, and HMS 903, as well as other programs of the Department, to the extent possible.

It is the intent of your Committee that, in responding to this Concurrent Resolution, the Auditor is requested to examine and track the Department's changes in caseload and the impact of such changes on the need for funding. It is not the intent of your Committee to reduce funding for the Department at the service level.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 142, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 142, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tam, Tanaka, Taniguchi).

SCRep. 1686 Ways and Means on S.R. No. 92

The purpose of this Resolution is to urge the Board of Education to review its policy for working with Hawaii's deaf, hard-of-hearing, and deaf-blind community members.

Specifically, this Resolution urges the Board of Education to review and consider the educational bill of rights contained in the Resolution when making decisions on deaf, hard-of-hearing, and deaf-blind children's education. This Resolution also requests the Board of Education to report to the Legislature on actions taken to address this issue twenty days prior to the convening of the regular session of 1998.

Your Committee finds that it is essential that children who are deaf, hard-of-hearing, and deaf-blind are educated in a manner in which their unique communication mode is utilized and developed, and that their school environment is communication accessible. Your Committee believes that this Resolution takes a step in that direction.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 92, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tam, Tanaka, Taniguchi).

SCRep. 1687 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 209

Recommending that the Senate advise and consent to the nomination of MICHAEL S. HOWDEN to the Board of Acupuncture, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chun Oakland, Slom).

SCRep. 1688 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 217

Recommending that the Senate advise and consent to the nominations of IVAN I. NAKANO and ERNIE K. SEIBOLD to the Motor Vehicle Industry Licensing Board, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chun Oakland, Slom).

SCRep. 1689 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 218

Recommending that the Senate advise and consent to the nomination of MELVIN H. MIYASAKI to the Motor Vehicle Repair Industry Board, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chun Oakland, Slom).

SCRep. 1690 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 219

Recommending that the Senate advise and consent to the nomination of JUNE M. HIRAKI, R.N., to the State Board of Nursing, term to expire June 30, 1998.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chun Oakland, Slom).

SCRep. 1691 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 220

Recommending that the Senate advise and consent to the nominations of CYNTHIA M. TAMAYO, P.T., NAOMI K. WADA, P.T., and RANDAL HASHIMOTO to the Board of Physical Therapy, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chun Oakland, Slom).

SCRep. 1692 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 222

Recommending that the Senate advise and consent to the nomination of MITCHELL A. IMANAKA to the Real Estate Commission, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chun Oakland, Slom).

SCRep. 1693 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 227

Recommending that the Senate advise and consent to the nominations of the following to the Board of Veterinary Examiners:

AIMEE ANDERSON, term to expire June 30, 1998; and

NARIYOSHI HIRAOKA and CRAIG M. NISHIMOTO, D.V.M., terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chun Oakland, Slom).

SCRep. 1694 Judiciary on Gov. Msg. No. 226

Recommending that the Senate advise and consent to the nomination of LANI LIU EWART to the Commission to Promote Uniform Legislation, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1695 Judiciary on Gov. Msg. No. 229

Recommending that the Senate advise and consent to the nominations of PAMELA FERGUSON-BREY and HA'AHEO MANSFIELD to the State Commission on the Status of Women, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1696 Water, Land, and Hawaiian Affairs on Gov. Msg. Nos. 190 and 262

Recommending that the Senate advise and consent to the nominations of the following to the Hawaii Community Development Authority:

MICHAEL KEN KAWAHARADA, term to expire June 30, 2001 (Gov. Msg. No. 190); and

JAMES K. TSUGAWA, term to expire June 30, 1998 (Gov. Msg. No. 262).

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1697 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 193

Recommending that the Senate advise and consent to the nominations of the following to the Board of Directors, Aloha Tower Development Corporation:

LLOYD F. KAWAKAMI, term to expire June 30, 2000; and

IRIS R. OKAWA, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1698 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 198

Recommending that the Senate advise and consent to the nominations of P. ROY CATALANI, ISAAC FIESTA, JR., and PETER YUKIMURA to the Land Use Commission, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1699 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 244

Recommending that the Senate advise and consent to the nominations of THOMAS P. CONTRADES, HERRING K. KALUA and RICHARD NELSON III to the Hawaiian Homes Commission, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1700 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 245

Recommending that the Senate advise and consent to the nominations of the following to the Kaho'olawe Island Reserve Commission:

RALPH P. DEDMAN, term to expire June 30, 2000; and

NOA EMMETT AUWAE ALULI, M.D., and A. FRENCHY DESOTO, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1701 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 246

Recommending that the Senate advise and consent to the nominations of KATHRYN WHANG INOUE and WILLIAM KENNISON to the Board of Land and Natural Resources, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1702 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 264

Recommending that the Senate advise and consent to the nominations of MARIE J. SOLOMON and GERALDINE K. BELL to the Island Burial Council, Island of Hawaii, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1703 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 265

Recommending that the Senate advise and consent to the nomination of ALTHEA K.L. ARINAGA to the Island Burial Council, Islands of Kauai and Niihau, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1704 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 266

Recommending that the Senate advise and consent to the nominations of the following to the Island Burial Council, Islands of Maui and Lanai:

CLIFFORD J. NAE'OLE, term to expire June 30, 1998; and

ANTHONY H. AKANA, MICHAEL P. MINN and ROBERT AIWOHI, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1705 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 267

Recommending that the Senate advise and consent to the nominations of MYRLE P. FLOREA, RONALD KIMBALL, and ANNA D. GOODHUE to the Island Burial Council, Island of Molokai, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1706 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 268

Recommending that the Senate advise and consent to the nominations of R. ERIC BEAVER, KALANI KAPU and LAURA KALUA MANUEL to the Island Burial Council, Island of Oahu, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1707 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 271

Recommending that the Senate advise and consent to the nomination of THOMAS DECOURCY to the Molokai Irrigation System Water Users Advisory Board, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1708 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 276

Recommending that the Senate advise and consent to the nominations of ROBERT G. GIRALD and DAVID A. NOBRIGA to the Commission on Water Resource Management, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1709 Education on Gov. Msg. No. 208

Recommending that the Senate advise and consent to the nomination of GALEN K. ONOUE to the Education Commission of the States, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Ige, D., Metcalf, Tam).

SCRep. 1710 Education on Gov. Msg. No. 221

Recommending that the Senate advise and consent to the nominations of LOIS C. MIYASHIRO and CHRIST P. ZIVALICH, Jr., to the State Post-Secondary Education Commission, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Ige, D., Metcalf, Tam).

SCRep. 1711 Ways and Means on H.B. No. 1839

The purpose of this bill is to provide an emergency appropriation to the Department of Health to prevent the reduction or discontinuance of services to emotionally disturbed children and adolescents.

This bill appropriates \$9,218,665 for fiscal year 1996-1997 to cover the projected increases and costs associated with services for children and youth required under the Felix vs. Waihee consent decree.

Your Committee finds that this emergency appropriation is necessary to meet the Department's financial obligations in the following areas: child based budget projections, residential placements and acute psychiatric services, fee for service - care coordination and day treatment program renovation.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1839, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Tam).

SCRep. 1712 Education on S.R. No. 90

The purpose of this resolution is to request that the Committee on Education convene a task force to define the roles of teachers, unions, principals, school/community-based management system councils, parents, the Board of Education, students, the Legislature, the University of Hawaii, and the business community in public education.

The task force would be comprised of a representative from the Hawaii Teacher Standards Board; the Hawaii State Teachers Association; the United Public Workers; the Hawaii Government Employees Association; the Hawaii State Parents, Teachers, and Students Association; the Board of Education, the Hawaii State Student Council; the University of Hawaii College of Education; the Hawaii Business Roundtable; a representative of a school/community-based management system council, an administrator of a public school, and any other individuals and organizations as may be agreed upon by the Chairpersons of the Committee on Education.

Your Committee received testimony supporting this measure from the Hawaii Congress of Parents, Teachers, and Students. Testimony opposing this measure was received from the Department of Education and the University of Hawaii.

Upon further consideration, your Committee finds that the members of the Hawaii Education Summit devised the Hawaii Goals for Education, a list of eight goals for public school education. These goals were designed to ensure that Hawaii's children will be fully equipped with the knowledge and skills necessary to realize their future potential.

Your Committee further finds that the Department of Education has established a plan for implementing the Hawaii Goals for Education but the goals have yet been implemented.

Accordingly, your Committee amended this resolution by:

- (1) Deleting the paragraphs relating to the original purpose of defining the roles of the players in public education and replacing them with paragraphs detailing the development of the Hawaii Goals for Education, and requesting that the task force ensure implementation of the Hawaii Goals for Education;

- (2) Amending the title of the resolution to read:

"REQUESTING THE COMMITTEE ON EDUCATION TO CONVENE A TASK FORCE TO ENSURE IMPLEMENTATION OF THE HAWAII GOALS FOR EDUCATION"; and

- (3) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 90, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 90, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1713 Education on S.R. No. 54

The purpose of this resolution is to request the Department of Education (DOE) to implement a monitoring system that will aid and ensure that school administrators evenly and consistently administer the DOE's Chapter 19 rules.

Your Committee received testimony supporting this measure from the Hawaii State Teachers Association. Testimony was received from the DOE supporting the intent of this measure but questioning its necessity.

Your Committee finds that the Chapter 19 rules provide schools with broad parameters for disciplinary consequences to student infractions to give schools the opportunity to prepare school discipline plans that are appropriate for the needs of each school community.

Your Committee further finds that students need consistent rules and consistent disciplinary reprisals for actions that are known to constitute student misbehavior.

Your Committee amended this resolution by:

- (1) Deleting its first paragraph and replacing it with a statement concerning the DOE's development of the Chapter 19 rules in 1993;
- (2) Adding several paragraphs that discuss the role of Chapter 19 and the need for parents, students, and the community to be aware of the actions that constitute student misconduct as defined by Chapter 19;
- (3) Replacing the original request to the DOE with a request to develop a communication plan to inform parents, students, and the community about the Chapter 19 rules;
- (4) Requiring that the DOE's report to the Legislature be on its progress instead of findings and recommendations; and
- (5) Amending the title of the resolution to read:

"REQUESTING THAT THE DEPARTMENT OF EDUCATION DEVELOP A COMMUNICATION PLAN TO INFORM PARENTS, STUDENTS, AND THE COMMUNITY ABOUT CHAPTER 19 RULES."

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 54, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 54, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1714 Water, Land, and Hawaiian Affairs on Gov. Msg. Nos. 153 and 269

Recommending that the Senate advise and consent to the nominations of the following to the Kaneohe Regional Bay Council:

RONALD A. DARBY, term to expire June 30, 2000 (Gov. Msg. No. 153); and

GRETCHEN M. GOULD and KIM NICHOLAS HOLLAND, Ph.D., terms to expire June 30, 2001 (Gov. Msg. No. 269).

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1715 Human Resources on H.C.R. No. 59

The purpose of this concurrent resolution is to request the President of the United States to convene a White House Conference on Children and Youth in 1998, with the theme "It Takes a Village to Raise a Child."

Your Committee received testimony in support of this measure from the Office of the Governor and two private citizens.

Your Committee believes that the timing of this conference is apropos to draw attention to the problems facing many children and to convey this information to the President of the United States. The last White House Conference on Children and Youth was more than twenty years ago. Another conference in 1998 would serve to address the current threats to the health, safety, and welfare of children and youth, including the effects of the ongoing national debates over health care, welfare reform, and education reform.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 59 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 1716 Human Resources on Gov. Msg. No. 223

Recommending that the Senate advise and consent to the nominations of the following to the State Advisory Council on Rehabilitation:

PETER FRITZ, terms to expire June 30, 1997 and June 30, 2000;

LOURDES P. MUGAS, SHARON SHORE, and ANNA MARIE SPRINGER, terms to expire June 30, 1998; and

JEAN SANTOS, STEPHEN G. LARACUENTE, and SARAH E. POTTER, terms to expire June 30, 1999.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 1717 Human Resources on Gov. Msg. No. 241

Recommending that the Senate advise and consent to the nominations of the following to the Policy Advisory Board for Elder Affairs:

WARREN G. HAIGHT, term to expire June 30, 1999; and

ANTONE KAHAWAIOLAA JR., SHIMEJI KANAZAWA, CAROL KIKKAWA-WARD, AGNES R. NAVARRO and BEVERLY C. WONG, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 1718 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 237, 242, 255, 257, 259, 260, 263 and 274

Recommending that the Senate advise and consent to the nominations of the following:

SCOTT H. DUNN and ARTHUR C. TOKIN to the State Board of Public Accountancy, terms to expire June 30, 2001 (Gov. Msg. No. 237);

GEORGE R. RODRIGUES, JR., and CLIFFORD LABOY to the Board of Electricians and Plumbers, terms to expire June 30, 2001 (Gov. Msg. No. 242);

STEPHEN Y.H. KWOCK to the State Board of Public Accountancy, term to expire June 30, 2001 (Gov. Msg. No. 255);

TSUKASA MURAKAMI, R. P. BUCK SCHIPA, CHARLIE T. RODGERS, GERARD SAKAMOTO and EDGAR M. YOKOYAMA to the Contractors License Board, terms to expire June 30, 2001 (Gov. Msg. No. 257);

JAN A. NAKAHARA, MITZI C. H-YAMAMOTO and KENNETH R. JOYNER to the Board of Cosmetology, terms to expire June 30, 2001 (Gov. Msg. No. 259);

MODESTA S. GAERLAN-TOKUNAGA, D.D.S., MARTIN K. OISHI, D.D.S., JANEEN-ANN A. OLDS and CYNTHIA YAMADA to the Board of Dental Examiners, terms to expire June 30, 2001 (Gov. Msg. No. 260);

CAROLEE C. KUBO, JANIS C. AKUNA and STEPHEN E. GOMES to the Board of Directors of the Hawai'i Hurricane Relief Fund, terms to expire June 30, 2001 (Gov. Msg. No. 263);

JANE FUKUNAGA to the Board of Public Broadcasting, term to expire June 30, 1999 (Gov. Msg. No. 274); and

CHERYL K. HETHERINGTON, JANICE S. HIGASHI and THOMAS L. WARLING to the Board of Public Broadcasting, terms to expire June 30, 2001 (Gov. Msg. No. 274).

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Aki, Slom).

SCRep. 1719 Human Resources on H.C.R. No. 168

The purpose of this concurrent resolution is to request the Employees' Retirement System (ERS) to conduct a study to determine the costs of including Conservation and Resources Enforcement Officers in Class A of the Employees' Retirement System, as proposed in H.B. No. 1545, Regular Session of 1997.

The measure also requests the Legislative Reference Bureau (LRB) to submit a report identifying related policy issues for consideration by the Legislature, prior to the Regular Session of 1998.

The Department of Land and Natural Resources, the Hawaii Government Employees Association (HGEA), and a Conservation and Resources Enforcement Officer supported the intent and purpose of this measure. The ERS submitted testimony indicating that it has no objections to the measure.

According to the testimony submitted by the HGEA, other ERS members such as Deputy Sheriffs and Liquor Commission Investigators have similar enforcement duties and should be considered for class A membership in the ERS as well.

In light of the testimony submitted, your Committee has amended the measure by:

- (1) Including Deputy Sheriffs and Liquor Commission Investigators within the parameters of the study;
- (2) Deleting the study requested of the LRB and all references thereto;
- (3) Amending the title to reflect the inclusion of Deputy Sheriffs and Liquor Commission Investigators; and
- (4) Making numerous stylistic amendments to conform the body of the measure to reflect the abovementioned amendments.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 168, H.D. 1, as amended herein, and recommends that it be adopted in the form attached hereto as H.C.R. No. 168, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Baker, Fukunaga).

SCRep. 1720 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 153 and 269

Recommending that the Senate advise and consent to the nominations of the following to the Kaneohe Regional Bay Council:

RONALD A. DARBY, term to expire June 30, 2000 (Gov. Msg. No. 153); and

GRETCHEN M. GOULD and KIM NICHOLAS HOLLAND, Ph.D., terms to expire June 30, 2001 (Gov. Msg. No. 269).

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1721 Government Operations and Housing on Gov. Msg. No. 203

Recommending that the Senate advise and consent to the nominations of MARVIN B. AWAYA and EARL S. WAKAMURA to the Rental Housing Trust Fund Commission, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 1722 Government Operations and Housing on Gov. Msg. No. 243

Recommending that the Senate advise and consent to the nomination of ALLAN LOS BANOS, Jr. to the Hawaii Housing Authority, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 1723 Government Operations and Housing on Gov. Msg. No. 273

Recommending that the Senate advise and consent to the nomination of CLAIRE H. MOTODA to the Procurement Policy Office Board, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 1724 Education on Gov. Msg. No. 239

Recommending that the Senate advise and consent to the nominations of the following to the State Foundation on Culture and the Arts:

BRIAN T. TAMAMOTO, term to expire June 30, 1998; and

MOMI W. CAZIMERO and ALFRED LAURETA, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Ige, D., Tam, Slom).

SCRep. 1725 Education on Gov. Msg. No. 247

Recommending that the Senate advise and consent to the nominations of NANCY G. BARRY, SHARON GOODHART, and SUSAN A. KOBAYASHI to the Oahu Library Advisory Commission, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Ige, D., Tam, Slom).

SCRep. 1726 Education on Gov. Msg. No. 248

Recommending that the Senate advise and consent to the nomination of MERCEDES B. LEIALOHA to the Hawaii Library Advisory Commission, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Ige, D., Tam, Slom).

SCRep. 1727 Education on Gov. Msg. No. 249

Recommending that the Senate advise and consent to the nomination of MARY JO SWEENEY to the Kauai Library Advisory Commission, term to expire June 30, 1998.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Ige, D., Tam, Slom).

SCRep. 1728 Education on Gov. Msg. No. 250

Recommending that the Senate advise and consent to the nomination of NORA A. KAWASAKI to the Maui County Library Advisory Commission, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Ige, D., Tam, Slom).

SCRep. 1729 Education on Gov. Msg. No. 275

Recommending that the Senate advise and consent to the nominations of WALTER NUNOKAWA, Ph.D. and HERBERT A. SEGAWA to the Board of Directors, Research Corporation of the University of Hawaii, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Ige, D., Tam, Slom).

SCRep. 1730 Government Operations and Housing on H.C.R. No. 206

The purpose of this concurrent resolution is to request the Waimanalo Housing Residents Association, the Hawaii Housing Authority (HHA), the Housing Finance and Development Corporation (HFDC), the Office of Hawaiian Affairs, and the U.S. Department of Housing and Urban Development (HUD) to research issues and identify options to enable the residents of the Waimanalo Homes project to remain living there, and to report their findings to the Legislature by May 1, 1997.

Your Committee received testimony in opposition to the concurrent resolution from HFDC and HHA. The Committee received testimony in support from the Waimanalo Housing Residents Association and several Waimanalo Homes project residents.

HFDC and HHA opposed the concurrent resolution because they could not support a study to reduce rental unit inventory while there was a waiting list for low cost housing. Further, the Committee was informed that the Department of the Attorney General had advised HHA and HFDC that there were concerns as to whether HUD would comply with the concurrent resolution, whether or not May 1, 1997, was sufficient time to conduct the study, and as to whether HHA and HFDC should engage in discussions involving ceded lands while there was ongoing litigation.

There are sufficiently cogent reasons however to seek answers to the particular questions raised by the concurrent resolution, including, but not limited to the following:

- (1) Whether there is any morally binding promise to the residents concerning the nature of their tenancy;
- (2) Whether this ceded land can be transferred, and the extent to which the Office of Hawaiian Affairs will assist in, the sale or lease of the ceded land to further the desire of the residents to own their own homes;
- (3) Whether there are any circumstances under which HUD will agree to the lease or sale of the site; and

- (4) The number of residents who wish to own their own homes and their ability to purchase or lease them.

It is an important state policy to assist home ownership. If this goal can be achieved without adverse impact to other housing goals, it warrants that the effort be made.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 206, H.D. 2, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 1731 Education on H.C.R. No. 267

The purpose of this concurrent resolution is to request that the University of Hawaii provide a report to the legislature no later than twenty days prior to the convening of the 1998 Regular Session on any plans to relocate any part of the Institute for Astronomy to the Big Island including the scope and timing of any relocation from the Manoa campus. Additionally, the Institute for Astronomy is requested to update its master plans for Mauna Kea and Haleakala.

Your Committee received testimony supporting this measure from the University of Hawaii.

Your Committee finds that the summit of Mauna Kea on the Big Island is widely considered to be one of the finest sites for ground-based telescopes in the world. With the availability of this unique resource, the Institute for Astronomy at the University of Hawaii is recognized internationally and is well respected in the field of astronomy. However, the Institute for Astronomy is currently headquartered at the Manoa campus on the island of Oahu.

Your Committee further finds that the University has made substantial progress toward establishing an Institute for Astronomy Mauna Kea Headquarters facility in the Hilo University Park. The planning phase has been completed and a Big Island architectural design firm has been contracted to design the facility. Full funding for both architectural design and construction has been appropriated, and equipment funds are included in the Governor's budget for the current fiscal year. Completion of the new Hilo facility is expected late next year or in the early part of 1999.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 267, H.D. 1 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Ige, D., Tam, Slom).

SCRep. 1732 Transportation and Intergovernmental Affairs on H.C.R. No. 107

The purpose of this concurrent resolution is to urge the United States Congress to proceed with the funding of the new carrier known as CVN-77 and homeporting the ship at Pearl Harbor.

Your Committee received testimony in support of this measure from the University of Hawaii Professional Assembly, Chamber of Commerce of Hawaii, Department of Business, Economic Development, and Tourism, Hawaii Federal Employees Metal Trades Council, and four private individuals. Testimony in opposition was received from the American Friends Service Committee.

The United States is developing a whole new class of technologically "smart" aircraft carriers to provide increased protection for the men and women who may go to combat. One of these new carriers is known as CVN-77 and is presently proposed to be constructed in fiscal year 2002. However, it is estimated that an earlier construction year of 1998 will yield an estimated savings of over \$600 million.

Your Committee believes that homeporting the CVN-77 at Pearl Harbor is prudent and necessary for security in the Pacific Region. Pearl Harbor has become America's forward defense position in the Pacific, rather than the Philippines or Japan.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 107, H.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1733 Transportation and Intergovernmental Affairs on H.C.R. No. 128

The purpose of this concurrent resolution is to request the President of the United States and the Department of Defense to adhere to, and accelerate whenever possible, the scheduled relocation, adjustment, and realignment of the current presence of United States military forces in Okinawa as recommended by the Final Report of the Special Action Committee on Okinawa, with the intent to return land and facilities not needed for direct military purposes.

The President and Department of Defense are also requested to consider the inequity and injustice of locating a disproportionate share of military facilities in Okinawa and to reassess periodically, with consideration given to Okinawan internal affairs and the international situation, the possibility of relocating facilities to other areas in Japan and Asia. Further, the United States Congress is requested to conduct hearings to assess the U.S. military presence in Asia and Japan, and consider the downsizing of our military forces to comply with current security needs.

Your Committee received testimony in support of this concurrent resolution from Representative Dennis Arakaki and six people living in Okinawa. Testimony in opposition to this concurrent resolution was received from the Chamber of Commerce of Hawaii.

Your Committee finds that Okinawa has suffered immeasurably from the aftermath of World War II. The United States military presence on Okinawa is at forty bases, occupying twenty per cent of its total land area. The Okinawans severely question the actual military need for that land when compared with the economic value it would provide for the people of Okinawa. The people of Hawaii, especially the Okinawan community, are sympathetic to the demands of the Okinawan people. Okinawa and Hawaii, with similar histories and economies, share a special relationship as sister-states. Given that relationship, Hawaii seeks to promote better relations and understanding between the United States and Okinawa.

After careful consideration, your Committee has amended this concurrent resolution by:

- (1) Deleting "to return land and facilities to the prefectural government" from the title;
- (2) Removing the BE IT RESOLVED clause requesting the United States Congress to conduct hearings to assess the United States military presence in Asia and Japan, and to consider downsizing of military forces to comply with current security needs;
- (3) Revising the language to reflect a more positive approach in support of this measure; and
- (4) Making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 128, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 128, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno)

SCRep. 1734 Transportation and Intergovernmental Affairs on H.C.R. No. 286

The purpose of this concurrent resolution is to expedite the traffic flow for the Waianae Coast by requesting that the Department of Transportation give priority to the development of a mauka highway as an alternative to Farrington Highway, and, towards that end, seek federal construction funds.

Your Committee received favorable testimony from the Department of Transportation, Pacific Resource Partnership, the Laborers - Employers Cooperation and Education Trust, and residents of the Waianae Coast. From the testimony it appears that Farrington Highway is insufficient to handle the increased traffic to the Waianae Coast safely.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 286, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1735 Judiciary on H.C.R. No. 231

The purpose of this Concurrent Resolution is to urge the President of the United States to nominate and the United States Senate to confirm at least one qualified resident from the State of Hawaii to serve as an active judge on the United States Court of Appeals for the Ninth Circuit.

Your Committee finds that for the past thirteen years there has not been a representative from the State of Hawaii on the United States Court of Appeals for the Ninth Circuit. Your Committee believes that the addition of a judge with knowledge of Hawaii's ethnic groups, political and judicial history, and, in particular, Hawaii law would broaden the court's perspective and is critical in their consideration of cases at the federal level.

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. 231 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Sakamoto).

SCRep. 1736 Judiciary on Jud. Com. No. 5

Recommending that the Senate advise and consent to the nomination of SANDRA P. SCHUTTE for Judge of the District Court of the Third Circuit, for a term of six years, in accordance with provisions of Article VI, Section 3, of the Constitution of the State of Hawaii.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 1737 Judiciary on Jud. Com. No. 6

Recommending that the Senate advise and consent to the nomination of RHONDA I. LAI LOO for Judge of the District Court of the Second Circuit, for a term of six years in accordance with the provisions of Article VI, Section 3, of the Constitution of the State of Hawaii.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 1738 Transportation and Intergovernmental Affairs on H.C.R. No. 210

The purpose of this concurrent resolution is to support and urge the implementation of the hazard mitigation plan developed in response to the Waianae district flooding.

Your Committee received testimony in support of this measure from the State Department of Defense.

From November 12 to 16, 1996, severe wind, rain, and high surf ravaged the Waianae district, resulting in a massive landslide that caused catastrophic damage to the Makaha Valley Towers and other areas of Waianae. President Clinton declared the area a major disaster on November 26, 1996. As a result of the declaration, a joint Federal-State-Local Interagency Hazard Mitigation Team was convened to discuss problems and develop recommendations associated with the disaster. The result was a mitigation strategy plan. Your Committee believes that this plan should be implemented expeditiously to reduce future damage in case of another disaster.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 210 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1739 Transportation and Intergovernmental Affairs on H.C.R. No. 280

The purpose of this concurrent resolution is to request that the Department of Accounting and General Services require the inclusion of disaster mitigation measures in the planning, design, and construction phases of all state-funded buildings designated as hurricane shelters.

Your Committee received testimony in support of the measure from the Department of Defense. The Department of Accounting and General Services provided qualified support for the measure with funding reservations.

Your Committee finds that there are still communities on Kauai which have no qualified hurricane shelters, thus imperiling the lives of residents and visitors alike on an island which has the highest probability of being struck by another hurricane compared to the rest of the State. Furthermore, your Committee finds that it is more cost effective to include disaster mitigation measures in the planning stages of development of a project rather than retrofitting a building after it has been completed.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 280 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1740 Health and Environment on H.C.R. No. 18

The purpose of this concurrent resolution is to request the Legislative Auditor to assess the costs and effects of mandating health insurance coverage for mental illness and substance abuse treatment services which is no less extensive than similar coverage for treatment of any other medical illness, for the further purpose of ultimately achieving health insurance parity for mental illness and substance abuse treatment.

Your Committee heard testimony unanimously in favor of this concurrent resolution submitted by the Hawaii Nurses' Association, Hawaii Government Employees Association, Hawaii Psychological Association, Hawaii Medical Service Association, Commission on Persons with Disabilities, Mental Health Community Coalition, United Self-Help, =I.C. (Equal Insurance Coalition), and a consumer advocate.

After considering the testimony and the merits of this measure, your Committee finds that establishing insurance coverage parity for mental illness and substance abuse treatment services is in the best interests of the residents of the State. In view of the equivalent treatment costs and efficacy rates for mental illness and substance abuse and other covered medical conditions and the apparent staggering economic losses attributed to untreated mental disorders, it would be unconscionable to allow insurance coverage practices which discriminate against mental disorders to continue.

Your Committee concluded that the measure required clarification of the subject matter to be studied by the Auditor to include substance abuse services and amended this concurrent resolution by:

- (1) Adding substance abuse services to the subject matter being studied by the Auditor in the BE IT RESOLVED paragraph on page 2 of the measure;
- (2) Rewriting the second BE IT FURTHER RESOLVED paragraph on page 3 of the measure to require that the study include estimated annual costs allocated to categories of "mental health and substance abuse services" instead of "inpatient, outpatient, and substance abuse services", and to provide that the study not be limited to the coverages enumerated.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 18, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 18, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 1741 Economic Development on H.C.R. No. 40

The purpose of this concurrent resolution is to request the Department of Business, Economic Development, and Tourism to work with local industries, the Hawaii Visitors and Convention Bureau, the Department of Agriculture, and other appropriate agencies to showcase Hawaii-made products and to develop a marketing plan to promote Hawaii-made or Hawaii-grown products.

Your Committee received testimony in support of this measure from the Department of Agriculture, the Department of Business, Economic Development, and Tourism, the Hawaii Fashion Industry Association, the Democratic Party of Hawaii, and the College of Tropical Agriculture and Human Resources, University of Hawaii.

Your Committee finds that a well-coordinated effort among the respective state agencies and local industries will enhance the State's ability to promote and market Hawaii-made and Hawaii-grown products. This, in turn, will significantly benefit the State's agriculture and tourism industries, and the local economy as a whole.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 40 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Bunda, Chumbley, Solomon, Slom).

SCRep. 1742 Economic Development on H.C.R. No. 72

The purpose of this concurrent resolution is to request the Agribusiness Development Corporation (ADC) to promptly develop and implement a comprehensive rural transition plan that promotes new and diversified agriculture and increases rural employment and development in the State.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources, the ADC Board of Directors, the College of Tropical Agriculture and Human Resources, University of Hawaii, and the Democratic Party of Hawaii.

Your Committee finds that this measure supports the initiation of rural transition policies that would support diversified agriculture ventures, as well as the creation of greater rural employment and development opportunities.

Your Committee has amended this measure by requiring the ADC, in developing the rural transition plan, to consider all feasible alternative uses for lands previously used for sugar production throughout the State, and by making several technical, nonsubstantial changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 72, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 72, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Bunda, Chumbley, Solomon, Slom).

SCRep. 1743 Economic Development on H.C.R. No. 76

The purpose of this concurrent resolution is to support the implementation of expedited automatic border clearance, the extension of the Visa Waiver Program, and the elimination of visa requirements wherever possible.

Your Committee received testimony in support of this measure from the Office of the Lieutenant Governor, the Department of Business, Economic Development, and Tourism, the Department of Transportation, the Hawaii Association of Realtors, and the Kona Kohala Resort Association.

Your Committee finds that since Hawaii's travel and tourism industry is, and will most likely continue to be, the State's largest and most important industry, all efforts to support and promote the industry should be intensified. Implementing expedited automatic border clearance, extending or making permanent the Visa Waiver Program, broadening the list of participating countries in the Program, and eliminating visa requirements altogether where possible, would all help to expand Hawaii's visitor industry.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 76, H.D. 2, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Bunda, Chumbley, Solomon, Slom).

SCRep. 1744 Economic Development on H.C.R. No. 153

The purpose of this concurrent resolution is to request the Office of the Auditor to conduct an audit of the management of all state-run small boat harbors and boat ramps.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources and Boats/Hawaii Inc.

Your Committee finds that obtaining accurate financial data on all small boat harbors in the State is essential to improving their management and efficiency. This is especially true for those facilities that have expressed an interest in the community-based management option being considered by the Legislature.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 153, H.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Bunda, Chumbley, Solomon, Slom).

SCRep. 1745 Economic Development on H.C.R. No. 239

The purpose of this concurrent resolution is to request the International Olympic Committee to recognize and to initiate the process of designating surfing and outrigger canoe racing as Olympic sports.

Your Committee received testimony in support of this measure from the Office of Hawaiian Affairs and Boats/Hawaii Inc.

Your Committee finds that surfing and outrigger canoe racing are internationally recognized competitive sports and are important contributions of the Native Hawaiian culture to the modern sporting world.

Your Committee further finds that making these sports official events in the Olympic games would promote awareness of, and cultivate sensitivity to, Hawaiian history and culture both at home and abroad. It would also enhance the State's growing sports tourism industry and provide economic benefits to the local economy.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 239, H.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Bunda, Chumbley, Solomon, Slom).

SCRep. 1746 Economic Development on H.C.R. No. 257

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources to work with governmental agencies and community organizations to determine how the commercial forest industry and the Hilo-Hamakua community can work together to help determine future options for the community.

Your Committee received testimony in support of this measure, with some reservations, from the Department of Land and Natural Resources and the Department of Agriculture.

Your Committee finds that Hilo-Hamakua residents learned in 1996 about plans for a large-scale tree farm in the Hamakua region that may affect the future of their community. Under the plan, Hamakua Timber will grow and harvest eucalyptus trees on portions of 24,000 acres of former sugarcane lands it has leased from the Bishop Estate.

Your Committee further finds that before this commercial forest venture progresses beyond its infancy stage, it is vital to foster collaboration and build consensus where possible to develop a responsible commercial forest industry that is sensitive and responsive to community concerns.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 257, H.D. 2, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Bunda, Chumbley, Solomon, Slom).

SCRep. 1747 Human Resources on H.C.R. No. 95

The purpose of this concurrent resolution is to urge the Governor to carefully assess the impact of new federal laws affecting immigrants to protect their rights to receive adequate health and human services.

Your Committee received testimony in support of this measure from the Department of Human Services (DHS).

Your Committee finds that the recent and ongoing federal legislation affecting immigrants will have a detrimental impact on their ability to continue to receive current levels of subsidized services for health and human services. Hawaii's immigrant workforce is the backbone of the tourism industry and has been the foundation for building Hawaii's agricultural heritage. Your Committee believes that Hawaii's immigrants deserve better treatment than what is portended by the federal government cutbacks and restrictions on benefits to immigrants.

According to the DHS, new federal laws affecting immigrants also impact funds received by the State for immigrant services, in terms of the amount of moneys received directly from the federal government and in the cost shifting to the states. A cost shifting is not a cost savings. Your Committee finds that reduced funding for immigrant services will particularly impact the provision of medical services to this needy population. Presently, medical services include prevention, maintenance, and emergency. Depending on the amount of reduction, the State may be able to provide only emergency services which is not cost effective.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 95, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Baker, Fukunaga, Sakamoto).

SCRep. 1748 (Majority) Transportation and Intergovernmental Affairs on H.C.R. No. 119

The purpose of this concurrent resolution is to urge the Hawaii State Legislature to support Senator John McCain's bill, the National Parks Overflights Act of 1997, to ensure the natural quiet and experience of national parks by regulating flights over national parks in Hawaii and elsewhere in the nation.

Your Committee has received testimony in support of this concurrent resolution from the Department of Transportation, Sierra Club Legal Defense Fund, Sierra Club of Hawaii, Citizens Against Noise, and three private citizens. Testimony in opposition of this measure was received by Hawaii Helicopters, Hawaii Air Tour Association, and the United States Air Tour Association.

Your Committee finds merit in supporting a statewide coalition of a dozen community and environmental groups' petition with the Federal Aviation Administration requesting the adoption of new regulations to control low-flying tour aircraft in the State of Hawaii, to maintain the natural quiet and experience of national parks. Haleakala National Park on Maui and the Hawaii Volcanoes National Park on the Island of Hawaii are among the many national parks which would be positively impacted by the passage of Senator John McCain's legislation, the National Parks Overflights Act of 1997, making its way through Congress.

After much consideration, your Committee has amended this concurrent resolution by adding three new WHEREAS clauses:

- (1) Stating that the Federal Aviation Administration's public hearing in September, 1995, gave Hawaii's petitioners the opportunity to express their concerns, especially as it relates to Hawaii;
- (2) Identifying Hawaii's unique national parks/historic sites; and
- (3) Emphasizing the importance of input from industry groups, agencies, organizations, and officials in Hawaii to address their concerns, particularly as it relates to air travel.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 119, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 119, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 1 (Slom). Excused, 3 (Aki, Chumbley, Fernandes Salling).

SCRep. 1749 Education on H.C.R. No. 66

The purpose of this concurrent resolution is to request that the Auditor conduct a financial and management study of the Hawaii Public Library System including a determination of whether the outsourcing of services is effective and efficient. The Auditor is further requested to submit a report of its findings and recommendations to the Legislature no later than twenty days prior to the convening of the Regular Session of 1998.

Your Committee received testimony supporting this measure from the State Librarian, the Librarians Association of Hawaii, the Hawaii Government Employees Association, and two librarians.

Your Committee finds that the media has given the Hawaii State Library System outsourcing contract with Baker & Taylor extensive coverage. Most of the media reports and testimony from librarians to your Committee have not been supportive of the Baker & Taylor contract.

Your Committee believes that a full financial and management audit of the State Public Library System would answer many questions, including those surrounding the Baker & Taylor contract, such as whether the State is making the best use of the limited resources allocated to the library system.

Your Committee notes that the State Librarian is in favor of the audit.

Your Committee amended the concurrent resolution by deleting its contents and inserting the Senate version of this measure which was adopted by the Senate as S.C.R. No. 171, S.D. 1.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 66, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 66, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 1750 Education on H.C.R. No. 93

The purpose of this concurrent resolution is to urge the Board of Education (Board) to allow each school community to develop its own approach to a values and ethics program. The Board is also requested to submit a progress report to the Legislature no later than twenty days prior to the convening of the Regular Session of 1998.

Your Committee received testimony supporting this measure from the Department of Education.

Your Committee finds that while the development of a child's character is clearly not the sole responsibility of the school, the relationship between academic learning and character development is mutually supportive. The school plays an important role in teaching basic and fundamental values to maintain a democratic and civilized society.

Your Committee further finds that schools currently incorporate programs that develop good character, values, and civic responsibility into many subject areas.

Your Committee amended this concurrent resolution by stating that the development of values and ethics should begin in the home and is the responsibility of family and community.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 93, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 93, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 1751 Education on H.C.R. No. 152

The purpose of this concurrent resolution is to request that the Department of Education (Department) determine state and district level management authority for the Hawaiian Studies Program. Additionally, the Superintendent of Education is requested to report to the legislature no later than twenty days prior to the convening of the Regular Session of 1998 the assignment of management authority for the program.

Your Committee received testimony opposing this measure from the Department of Education.

Your Committee finds that the Department of Education developed and implemented an effective Hawaiian Studies Program (Program) and made a commitment to the legislature that it would provide the permanent positions necessary to fully staff the Program.

Your Committee further finds that the Department has assigned responsibility for this Program to three individuals who already have other substantial responsibilities, namely the Chief of the General Education Branch, the Chief of the Social Studies and Art Section, and the Chief of the Hawaiian Immersion Program. Additional responsibilities for the Program are falling on the community cultural experts who are only part-time employees.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 152, H.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Ige, D., Tam, Slom).

SCRep. 1752 Education on H.C.R. No. 241

The purposes of this concurrent resolution are to:

- (1) Request that the Director of Finance consult with the Superintendent of Education to treat funding for athletic coaches' salaries, equipment and supplies, and transportation for athletic teams as standard workload increases when designing and budgeting new schools; and
- (2) Request that the Director of Finance report to the Legislature no later than twenty days prior to the convening of the Regular Session of 1998 on the collaborative efforts between the Department of Budget and Finance and the Department of Education to provide services for our youths beyond those found in regular classrooms.

Your Committee received testimony supporting this measure from the Department of Education. Testimony opposing this measure was received from the Department of Budget and Finance.

Your Committee finds that student athletics is a way to teach students life lessons that cannot be taught in regular classrooms.

Your Committee believes that providing strong athletic programs is a means to achieving some of the Hawaii Goals for Education created for the children of Hawaii by the Hawaii Education Summit.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 241, and recommends that it be referred to the Committee on Ways.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 1753 Education on H.C.R. No. 251

The purpose of this concurrent resolution is to request that the Department of Education (DOE) establish a pilot project involving joint partnerships with private Hawaiian canoeing associations to organize interscholastic Hawaiian canoeing teams in the State public secondary schools. The DOE is requested to submit a progress report to the Legislature no later than twenty days prior to the convening of the Regular Session of 1998.

Your Committee received testimony supporting this measure from the Office of Hawaiian Affairs, Department of Education, and two interested citizens.

Your Committee finds that outrigger canoe paddling is the official team sport of the State. It is a popular sport which promotes Hawaii's culture and history and may be an alternative to youth drugs, crime, gangs, and violence.

Your Committee also finds that several private sector canoeing associations have agreed to donate all of the resources necessary for the establishment of outrigger canoe paddling as a sport in public secondary schools. These resources include use of canoes, experienced coaches, and insurance coverage.

Your Committee further finds that twelve public high schools currently offer outrigger canoe paddling as part of their extra curricular activities utilizing private sector assistance.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 251, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 1754 Education on H.C.R. No. 262

The purpose of this concurrent resolution is to request that the Department of Education (DOE) make available to all parents of preschool age children a checklist of skills, knowledge, attitudes, and behaviors that children should have upon entry to kindergarten.

Specifically, this list shall be distributed to all elementary schools in the state beginning no later than February 1, 1998, and the Superintendent of Education is requested to report on efforts to make this checklist available no later than twenty days prior to the convening of the Regular Session of 1998.

Your Committee received testimony supporting this measure from the DOE, two Headstart teachers, and one interested citizen.

Your Committee finds that sound parenting practices and preschool programs can facilitate the development of children and prepare them for school. However, not all children are enrolled in a preschool program. In many cases, the parents of these young children who do not attend preschool are not aware of the skills and behaviors the children attending preschool are developing. This puts their children at a disadvantage when they enter school for the first time and find themselves developmentally behind their peers.

Your Committee believes however that young children develop at different paces. Requiring checklist developmental conformation as a prerequisite for entry into kindergarten may be ignoring normal child development and putting unnecessary pressure on the child at a time when children should be experiencing the joy of learning.

Your Committee further believes that the DOE should inform parents of the role kindergarten plays in a child's education and how the child can best be prepared to make the most of the kindergarten experience.

Your Committee also finds that parents and students in all grade levels would benefit from knowing the benchmark goals set for each grade level in order to make the necessary preparations for grade mastery.

Your Committee amended this concurrent resolution by:

- (1) Deleting its contents and inserting the factual paragraphs of the senate version that was adopted by the Senate as S.C.R. No. 245, S.D. 1;
- (2) Adding the contents of S.C.R. No. 119, S.D. 1, that requests that the DOE define the role of all grades; and
- (3) Amending the title to read:

"REQUESTING THE DEPARTMENT OF EDUCATION TO MAKE AVAILABLE A DEFINITION OF EACH GRADE LEVEL'S ROLE IN A CHILD'S EDUCATION PROGRESSION."

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 262, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 262, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 1755 Education on H.C.R. No. 278

The purpose of this concurrent resolution is to request that the Department of Education (DOE) establish and operate a six-year pilot program at four specified schools on Kauai and Hawaii educating Hawaiian-speaking children through the medium of the standard Hawaiian language.

In carrying out the pilot program the DOE is requested to ensure adequate funds are available, equalize per pupil expenditures, allow private nonprofit organizations to administer Hawaiian language medium schools through contracts with the Office of Hawaiian Affairs, and support the Niihau dialect and other regional dialects of Hawaiian as the instructional medium in the schools.

The DOE is further requested to submit a report to the Legislature no later than twenty days prior to the convening of the Regular Session of 1998 detailing its analysis and reasons, as well as specific proposals, for further legislation to accomplish the purposes of this concurrent resolution should the DOE decline to comply with the requests in this concurrent resolution.

Your Committee received testimony supporting this measure from the Office of Hawaiian Affairs, Punana Leo O Waimea, the Waimea Hawaiian Homesteaders' Association, Inc., and a concerned parent. Testimony opposing this measure was received from the Department of Education and a parent organization.

Your Committee finds that section 4, article X and XV of the Constitution of the State of Hawaii, designates the Hawaiian language as one of the two official languages of the State and provides for a Hawaiian education program consisting of language, culture, and history in the public schools.

Your Committee further finds that Governor Cayetano has openly supported the growth and implementation of Hawaiian language instruction in the public school system. The legislature also strongly supports the Hawaiian language immersion program.

Your Committee amended this concurrent resolution by:

- (1) Requesting that the DOE seek addition funding from outside sources to assist in the establishment of the contract schools;
- (2) Requesting that the DOE work with the Hawaiian Language Immersion Advisory Council to develop implementation plan and schedule; and
- (3) Adding the chairperson of the Hawaiian Language Immersion Advisory Council to the list of persons who shall receive a certified copy of this concurrent resolution.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 278, H.D. 2, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 278, H.D. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 1756 Education on H.C.R. No. 279

The purpose of this concurrent resolution is to:

- (1) Request that the Department of Education (DOE) establish a pilot cardiopulmonary resuscitation (CPR) training program as part of the 10th grade health curriculum;
- (2) Limit the pilot program to high schools in the district of Kauai; and
- (3) Request that the DOE prepare a preliminary status report on the implementation of the pilot program for submittal to the Legislature no later than ten days prior to the Regular Session of 1998.

Your Committee received testimony supporting this measure from the Department of Education, the Hawaii Nurses' Association, the Hawaii Fire Chiefs Association, and the Honolulu Fire Department.

Your Committee finds that early bystander CPR is a critical link in the "chain of survival". In the city of Seattle, approximately one out of every two people are CPR trained. Seattle has a cardiac arrest survival rate of more than double that of Hawaii's survival rate credited to early bystander CPR. Many of Seattle's citizens were CPR trained in their school system.

Your Committee amended this concurrent resolution by:

- (1) Requesting that the DOE establish the pilot project statewide;
- (2) Requesting that nonprofit organizations work together to provide CPR training on a volunteer basis to the public schools;
- (3) Adding the Directors of the local chapter of the American Heart Association, the Hawaii Fire Chiefs Association, the Hawaii Nurses Association, and the Honolulu Fire Department as transmitters of certified copies of the concurrent resolution; and
- (4) Amending the title to read:

"REQUESTING THE DEPARTMENT OF EDUCATION TO ESTABLISH A STATEWIDE PILOT CARDIOPULMONARY RESUSCITATION TRAINING PROGRAM."

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 279, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 279, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 1757 Education on H.C.R. No. 281

The purpose of this concurrent resolution is to request that the Department of Education (DOE) in conjunction with Aha Kauleo Kaiapuni Hawaii (AKKH) (the Hawaiian Language Immersion Advisory Council) develop a long-range financial and operational plan to ensure the development of the Hawaiian Language Immersion Program (Program).

Specifically, the DOE and AKKH shall:

- (1) Immediately focus on the implementation of enumerated recommendations in the DOE's Long-Range Plan (Plan) for the Hawaiian Language Immersion Program drafted in 1993;
- (2) Include a study on student participation in the Plan and expansion of the Plan to other islands; and
- (3) Submit the long-range financial and operational plan to the Legislature not later than twenty days prior to the convening of the Regular Session of 1998.

Your Committee received testimony supporting this measure from the Department of Education, University of Hawaii, the Office of Hawaiian Affairs, and a concerned parent.

Your Committee finds that in 1987 the Board of Education approved the establishment of the Plan as a pilot program in one kindergarten and one first grade class on Oahu and Hawaii. The Plan is a special instructional program in which students in selected public schools are taught the basic curriculum in the Hawaiian language.

Your Committee also finds that since its experimental beginnings, the Plan has expanded to include eight schools on five islands with an enrollment of nearly one thousand students from kindergarten to the ninth grade.

Your Committee further finds that financial contributions from individuals and organizations have kept the Program moving forward. Recognizing the growing complexity of the Program, input from various individuals and organizations was sought to provide direction and guidance for the future expansion and development of this unique Program.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 281, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 1758 Health and Environment on H.C.R. No. 16

The purpose of this concurrent resolution is to help decrease morbidity and mortality in the rural and isolated communities in the Hana District of Maui by urging the Department of Health to contract for the provision of advanced care life support ambulance services to that District.

Supportive testimony was received from the Office of Hawaiian Affairs, the Department of Health, the Maui County Council, the Hana Community Health Center, and a concerned individual.

Testimony indicated that medical literature is very clear regarding the positive effects of early pre-hospital advanced life support care in many medical emergencies. For example, in cases of cardiac rhythm irregularities such as ventricular fibrillation and ventricular tachycardia, the ability to successfully restart the heart decreases substantially with each passing minute. Irreversible brain damage can occur in as little as four to six minutes without oxygenated blood. When you are racing against death's clock, every minute counts.

Additionally, testimony indicated that the District of Hana is very isolated. The next closest ambulance is over forty miles away. Maui Memorial Hospital is over two hours away by ground. There are only two roads into and out of Hana. One is frequently washed out, and the other is equally precarious in adverse weather. Air medical evacuation is also frequently difficult because of the area's weather and terrain.

Advance care life support ambulance service appears to be the standard in most other communities. However, Hana is the only community in the State that is served only by a basic life support ambulance.

Your Committee believes that providing advance care life support ambulance services to the Hana District will result in decreased morbidity and mortality in that district.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 16, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 1759 (Joint) Health and Environment and Human Resources on H.C.R. No. 19

The purpose of this concurrent resolution is to request the Auditor to study the social and financial effects of requiring health insurers to offer coverage for post-mastectomy breast reconstruction surgery.

The Hawaii Medical Service Association (HMSA) submitted testimony in support of this measure. HMSA indicated that it is supportive of the mandatory study of the social and financial impact of proposed new covered benefits.

After thorough consideration of this resolution and its objectives, your Committees passed this measure, unamended.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources that are attached to this report, your Committees concur with the intent and purpose of H.C.R. No. 19, H.D. 2, and recommend that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 5. Noes, none. Excused, 5 (Baker, Fukunaga, Metcalf, Sakamoto, Tam).

SCRep. 1760 Health and Environment on H.C.R. No. 39

The purpose of this concurrent resolution is to request the Director of Health to convene a task force to perform an assessment of the:

- (1) Air quality at Campbell Industrial Park; and
- (2) Air quality impacts of emission sources in this location.

The Department of Health (DOH) submitted testimony supporting the concept of convening a task force to further assess the air quality and the emission sources in and around the Campbell Industrial Park area. However, the DOH expressed concerns about the notion that the task force could fund consultants to assist in the effort.

The DOH also stated that the mechanism whereby funds will be provided from task force members to support the work should be specified. The DOH is not in a position to solicit funds from anyone to support the work.

With respect to the concerns expressed by the DOH regarding the funding for consultants, your Committee notes that this measure suggests voluntary private contributions and does not call for DOH to provide any funding. Moreover, this measure has also been referred to the Committee on Ways and Means, which has jurisdiction over fiscal matters such as this. Therefore, your Committee believes that even if a discussion regarding funding is deemed necessary, it can take place in the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 39, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 1761 Health and Environment on H.C.R. No. 125

The purpose of this concurrent resolution is to request the Department of Health to establish and maintain child and adolescent mental health services that are accessible, community-based, and sensitive to the needs and socio-economic profile of Hawaii's communities by:

- (1) Retaining staff and services;
- (2) Filling the branch chief position; and
- (3) Filling all positions on the organizational chart at the Kalihi-Palama Family Guidance Center.

Your Committee heard testimony on this concurrent resolution submitted by Director of Health. The Director indicated that the Department of Health has no plans to close the Kalihi-Palama facility or move any of its staff.

After considering the testimony and the merits of this measure, your Committee finds that this measure is not necessary at this time and believes that a more pressing issue concerns the efficiency and quality of the State's mental health system as it relates to the judiciary.

Your Committee, therefore, has amended this concurrent resolution by deleting its contents and replacing it with language that establishes a Mental Health Statutes Task Force to review the laws and procedures for involuntary commitment and treatment decisions and make recommendations:

- (1) For the improvement of the involuntary commitment and treatment laws in order to reduce the wait lists for proper mental health treatment in the jails and the community;
- (2) To reduce the number of injuries to patients and staff at the Hawaii State Hospital; and
- (3) To make the system more efficient.

The task force shall consider certain issues to develop legislative proposals to implement its recommendations and report its findings, recommendations, and proposals to the 1998 Legislature. Your Committee is particularly concerned that gravely disabled persons be provided with adequate and humane treatment to prevent further deterioration of their condition and included that concern as an issue for study by the task force. Your Committee also amended the title of this measure to reflect the changes to its contents.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 125, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 125, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 1762 Health and Environment on H.C.R. No. 178

The purpose of this concurrent resolution is to urge the Department of Health to continue the promotion of nutrition education for the native Hawaiian population.

The Department of Health (DOH) submitted comments on the measure.

In its testimony, the DOH stated that the NutriLink 2000 Project, which is entirely funded by the federal Preventive Health and Health Services Block Grant since 1993, has successfully developed and implemented a culturally-sensitive and community-based preventive nutrition intervention program. This program links nutrition practices to the prevention of diet-related chronic conditions, and although analysis of fiscal year 1995-1996 program impacts are pending, preliminary results indicate a highly effective result for that year.

Adoption of healthy eating behavior is a powerful tool in improving the health of Hawaii's people. Conversely, poor nutrition is a primary risk factor for many chronic health conditions, including diabetes, cancer, heart disease, kidney disease, and obesity.

Forty percent of native Hawaiians are reported to be overweight, and an estimated thirty percent are reported to be morbidly obese.

To respond to this, the DOH has applied for and received funding from a grant awarded through the National Nutri-Link program to design and implement a nutrition education program for rural Hawaiians.

Your Committee believes that preventive nutrition intervention programs such as the NutriLink 2000 Project that help people prevent diet-related chronic conditions are beneficial. The proposed Nutrilink program, which is intended to provide nutritional education for rural Hawaiians will help these Hawaiians live healthier lives.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 178 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 1763 Health and Environment on H.C.R. No. 205

The purpose of this concurrent resolution is to work to improve the overall health and well-being of the native Hawaiian community by requesting the Office of Hawaiian Affairs to urge all native Hawaiians to routinely participate in cancer screening and testing programs that their physicians, health plans, community organizations, or other entities may recommend.

Testimony supporting the intent of the measure was received from the Office of Hawaiian Affairs (OHA).

OHA stated in its testimony that it agrees that early cancer detection is a major ally of preventive health care, and that life-threatening diseases and serious illness can often be controlled if diagnosed and treated in its early stages.

Additionally, OHA indicated that it continues to support all efforts to assist its beneficiaries in improving their overall health and well-being.

Your Committee believes that the adoption of this measure will be a positive step in improving the overall health and well-being of native Hawaiians.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 205 and recommends that it be referred to the Committee on Water, Land, and Hawaiian Affairs.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 1764 Water, Land, and Hawaiian Affairs on H.C.R. No. 186

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources to establish a community-based, cooperative effort to restore and maintain one or more of the remaining fishponds in Pearl Harbor.

Your Committee finds that ancient coastal fishponds are a unique part of Hawaii's rich cultural heritage and an enduring legacy of sustainable resource management that takes care of the land and the ocean. It is well known that Pearl Harbor holds an important place in the modern history of Hawaii; less known is its significance for fish production as practiced by early Hawaiians.

At one time, Pearl Harbor contained twenty-six fishponds, and the abundant fish harvested from its waters made the region a favored residence of Hawaiian chiefs. However, due to construction of military facilities and other reasons, only three fishponds remain.

Your Committee also finds that there is significant interest in the neighboring community to restore and utilize one or more of these remaining fishponds to preserve this important part of Hawaiian history and to educate present and future generations about the role of fishponds and aquaculture in the stewardship and use of ocean resources.

Your Committee recognizes that Hawaiian fishponds are culturally significant and offer a unique opportunity for community involvement in pond restoration and revitalization.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 186, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Ige, D., Taniguchi).

SCRep. 1765 Water, Land, and Hawaiian Affairs on H.C.R. No. 147

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources (DLNR) and the Department of Parks and Recreation of the City and County of Honolulu to expedite the conveyance of Kalihi Valley Park from the City and County of Honolulu (City and County) to the State.

Your Committee finds that Act 312, Session Laws of Hawaii 1991, provided for the conditional transfer of Kalihi Valley Park from the City and County to the State on January 1, 1992. However, your Committee finds that the City and County and the State have yet to finalize conveyance documents to complete the transfer.

Your Committee believes that the Kalihi Valley Park will be a valuable cultural and historic asset to the state park system.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 147 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Ige, D., Taniguchi).

SCRep. 1766 Water, Land, and Hawaiian Affairs on H.C.R. No. 215

The purpose of this concurrent resolution is to establish an interim Joint Legislative Committee on Land Use Planning to review the existing state land use planning system, examine ways to improve the system, and make recommendations to implement proposed changes.

The Joint Legislative Committee is to consist of ten members to be appointed as follows:

- (1) Five members shall be appointed by the Speaker of the House of Representatives from among the membership of the House, with one member to be designated by the Speaker as co-chair of the Committee; and
- (2) Five members shall be appointed by the President of the Senate from among the membership of the Senate, with one member to be designated by the President as co-chair of the Committee.

Your Committee finds that in 1961, the Legislature adopted an innovative state land use planning system that received national recognition. That system is now 36 years old and is generally regarded as outmoded, as evidenced by the many reform proposals arising in almost every legislative session over the past ten years.

Your Committee also finds that state and county planning agencies, in recognition of the need for revamping the land use planning system, have been meeting for the past several months discussing proposed changes and working toward achieving consensus on recommended changes.

Your Committee believes that in light of these reform-minded activities, the Legislature is in a unique position to provide leadership for the reform of the existing land use planning system that will result in the culmination of desirable outcomes for the future of Hawaii.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 215, H.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Ige, D., Taniguchi).

SCRep. 1767 Water, Land, and Hawaiian Affairs on H.C.R. No. 258

The purpose of this concurrent resolution is to endorse the efforts of Hui Okinawa and the Japanese Chamber of Commerce's International Festival to seek assurances from the Department of Land and Natural Resources to make the Wailoa State Park the permanent site for the annual Haari Boat Races.

Your Committee finds that the Haari Boat Race has been instrumental in fostering a mutually beneficial relationship between the County of Hawaii and the City of Nago, Okinawa, Japan. This event has drawn the participation of the Mayor and various Councilmembers of Nago City, the Chamber of Commerce of Okinawa, and teams representing Okinawa. The Haari Boat Race has led to the signing of a sister university agreement between the University of Hawaii at Hilo and Meio University in Nago. This event has been the catalyst for exchanges in culture, business, tourism, government relations, education, and medicine.

Your Committee believes that nurturing such relationships is vital to the State's growth and endeavors such as the Haari Boat Race to promote enhanced intercultural understanding should be encouraged.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 258 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Baker, Ige, D., Taniguchi).

SCRep. 1768 Water, Land, and Hawaiian Affairs on H.C.R. No. 259

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources to work with hunting organizations throughout the State, as well as other users of forest lands, to discuss the feasibility of establishing a Hunting Area Reserves Council.

Your Committee believes that a Hunting Area Reserves Council could identify suitable areas for game management and hunting, while protecting threatened and endangered species and their habitat.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 259, H.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Baker, Ige, D., Taniguchi).

SCRep. 1769 Economic Development on H.C.R. No. 252

The purpose of this concurrent resolution is to express legislative support for the prospect of attracting the "America's Smithsonian" touring exhibition to Honolulu.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism (DBEDT), the Convention Center Authority, and a Honolulu City Councilmember.

Your Committee finds that the traveling America's Smithsonian exhibition schedules numerous local events involving Smithsonian scholars and local schools. Cities such as St. Paul, Minnesota, Providence, Rhode Island, and Kansas City, Missouri, have all reported an estimated economic benefit of \$20,000,000 from their participation in the Smithsonian tour.

Your Committee further finds that attracting such a prestigious exhibition to Hawaii will result in a tremendous economic boon to the local economy, while providing an outstanding educational experience for local students, residents, and visitors alike.

Your Committee has amended this measure by deleting the request to DBEDT to study the feasibility of attracting the exhibition to Hawaii and to submit a status report to the Legislature prior to the 1998 Regular Session.

Your Committee has also rewritten the WHEREAS paragraph regarding Smithsonian's expressed interest in continuing the tour to include Honolulu.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 252, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 252, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 4 (Bunda, Chumbley, Solomon, Slom).

SCRep. 1770 Commerce, Consumer Protection, and Information Technology on H.C.R. No. 49

The purpose of this concurrent resolution is to request the Auditor to perform a sunrise review of the regulation of occupational therapy practitioners.

Your Committee received written testimony in support of this measure from the Occupational Therapy Association of Hawaii, the Commission on Persons with Disabilities, the American Association of Retired Persons State Legislative Committee, and twenty-six individuals.

Your Committee finds that occupational therapy is one of the fastest growing professions in the country, and this rapid expansion is expected to continue for several more years. Along with this growth, there has been a corresponding rise in the number of complaints to the National Board for Certification in Occupational Therapy.

Your Committee is in agreement that occupational therapists provide a vital service to consumers and that consumers would benefit from the knowledge that adequate professional safeguards were in place.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 49 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 1771 Commerce, Consumer Protection, and Information Technology on H.C.R. No. 165

The purpose of this concurrent resolution is to request the Auditor to analyze the probable effects of requiring licensure or certification of all real estate appraisers and conformance with the Uniform Standards of Professional Appraisals Practice (USPAP) in all appraisals.

Your Committee received written testimony in support of this measure from the Department of Commerce and Consumer Affairs. Kamehameha Schools Bernice Pauahi Bishop Estate, the Small Landowners Association, and the Small Landowners of Oahu submitted testimony in opposition. The Estate of James Campbell submitted comments.

Your Committee notes that the Appraisal Standards Board of the Appraisal Foundation is proposing to review and restructure USPAP, and believes that the study requested in this concurrent resolution is compatible and timely.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 165 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 1772 Judiciary on Jud. Com. No. 3

Recommending that the Senate advise and consent to the nomination of R. MARK BROWNING for Judge of the District Family Court of the First Circuit, for a term of six years, in accordance with provisions of Article VI, Section 3, of the Constitution of the State of Hawaii.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 1773 Judiciary on Jud. Com. No. 4

Recommending that the Senate advise and consent to the nomination of RHONDA H. NISHIMURA for Judge of the District Court of the First Circuit, for a term of six years, in accordance with provisions of Article VI, Section 3, of the Constitution of the State of Hawaii.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 1774 Economic Development on Gov. Msg. Nos. 210, 212, 224 and 238

Recommending that the Senate advise and consent to the nominations of the following:

ELAINE COHN and GLENN IOANE TEVES to the Community-Based Economic Development Advisory Council, terms to expire June 30, 2001 (Gov. Msg. No. 210);

RONALD P. WEIDENBACH and LANCE PANG to the Hawai'i Aquaculture Advisory Council, terms to expire June 30, 2001 (Gov. Msg. No. 212);

EDWARD T. "SKIPPA" DIAZ, JAY K. NAKASONE and CAROLE KAI to the Stadium Authority, terms to expire June 30, 2001 (Gov. Msg. No. 224);

AKIRA SAKIMA to the Board of Agriculture, term to expire June 30, 1998 (Gov. Msg. No. 238); and

SUSAN MATSUSHIMA to the Board of Agriculture, term to expire June 30, 2001 (Gov. Msg. No. 238),

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 3 (Matsunaga, Solomon, Tanaka).

SCRep. 1775 Economic Development on Gov. Msg. Nos. 215, 258 and 272

Recommending that the Senate advise and consent to the nominations of the following:

RUSSELL T. YAMANE and C. BARRY RALEIGH, Ph.D., to the Board of Directors, High Technology Development Corporation, terms to expire June 30, 2001 (Gov. Msg. No. 215);

RICHARD L. HUMPHREYS to the Convention Center Authority, term to expire June 30, 1998 (Gov. Msg. No. 258); and

CLYDE M. FUJIKAWA, PAUL JOSEPH CONRY and AINSLEY A. AHLO to the Advisory Committee on Pesticides, terms to expire June 30, 2001 (Gov. Msg. No. 272),

Signed by the Co-Chairmen on behalf of the Committee.
Records of votes for Gov. Msg. No. 215: Ayes, 6. Noes, none. Excused, 3 (Matsunaga, Solomon, Tanaka; and Ayes, 6. Noes, none. Excused, 3 (Iwase, Matsunaga, Solomon).
Record of votes for Gov. Msg. No. 258: Ayes, 5. Noes, none. Excused, 4 (Bunda, Chumbley, Matsunaga, Solomon).
Records of votes for Gov. Msg. No. 272: Ayes, 6. Noes, none. Excused, 3 (Matsunaga, Solomon, Tanaka; and Ayes, 6. Noes, none. Excused, 4 (Bunda, Chumbley, Matsunaga, Solomon).

SCRep. 1776 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 312

Recommending that the Senate advise and consent to the nominations of PASCUAL DABIS, ANNA C. KAOHELALULII, and MICHAEL H. KIDO to the Natural Area Reserves System Commission, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Ige, D.).

SCRep. 1777 Health and Environment on Gov. Msg. No. 270

Recommending that the Senate advise and consent to the nominations of the following to the State Council on Mental Health:

LINDA COCHRAN and ROBERT K. WEAD, terms to expire June 30, 2000; and

GABRIELLE B. BATZER, M.D., LAURA FLANNELLY, Ph.D., PAT MILLER, JOHN L. NOLAND and PATRICIA O'NEAL, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 1778 Health and Environment on Gov. Msg. No. 240

Recommending that the Senate advise and consent to the nomination of TERRILL S. CHILSON to the State Planning Council on Developmental Disabilities, term to expire June 30, 2000.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 1779 Health and Environment on Gov. Msg. No. 261

Recommending that the Senate advise and consent to the nominations of the following to the Commission on Persons with Disabilities:

GRETCHEN S. LAWSON, term to expire June 30, 2000; and

HAROLD DE COSTA and CHRISTINA M. PILKINGTON, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 1780 Education on Gov. Msg. No. 310

Recommending that the Senate advise and consent to the nominations of of the following to the Hawaii Library Advisory Commission:

ELAINE H. KOMO, term to expire June 30, 2000; and

VIRGINIA L. MOORE, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Metcalf).

SCRep. 1781 Education on Gov. Msg. No. 292

Recommending that the Senate advise and consent to the nomination of EUNICE M. DEMELLO to the State Foundation on Culture and the Arts, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Metcalf).

SCRep. 1782 Education on Gov. Msg. No. 295

Recommending that the Senate advise and consent to the nomination of BENJAMIN T. TORIGOE to the Hawai'i Historic Places Review Board, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Metcalf).

SCRep. 1783 Education on Gov. Msg. No. 309

Recommending that the Senate advise and consent to the nominations of the following to the King Kamehameha Celebration Commission:

LUCY M. AKAU, CAROLEE K. K. ARICAYOS, GEORGE W. H. KANIHO, CANDACE K. LEE, and JOELENE K. LONO, terms to expire June 30, 1999;

MARY ANN HUTCHINSON, LANE KAAIAI and ANTOINETTE L. LEE, terms to expire June 30, 2000; and

SHERRY K. EVANS and ABIGAIL K. ROSA, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Metcalf).

SCRep. 1784 Ways and Means on H.B. No. 248

The purpose of this bill is to authorize the University of Hawaii Board of Regents to issue \$3,600,000 in revenue bonds to repay its construction loan to the Housing Finance and Development Corporation for the Kau'iohalalo Iki faculty housing development.

Additionally, this bill appropriates necessary sums over the next fiscal biennium for costs of operation, repair, and maintenance of the project, and for repayments on the revenue bonds.

Your Committee finds that these measures are necessary to preserve the faculty housing development under the control of the University of Hawaii. Fostering a community of scholars would be difficult if control over the development passed to an agency whose missions are different from those of the University.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 248, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1785 Ways and Means on H.B. No. 1658

The purpose of this bill is to transfer the responsibilities of operating the drivers education program from the University of Hawaii Community College Employment Training Office to the University of Hawaii Community Colleges.

Your Committee finds that this arrangement is preferred by the University of Hawaii and that, technically speaking, drivers education is not programmatically suitable for placement within the employment training office.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1658, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1786 Ways and Means on H.B. No. 1659

The purpose of this bill is to explicitly authorize the Research Corporation of the University of Hawaii to provide for training in the physical, biological, and social sciences, and humanities, and all other branches of learning to promote educational, scientific, and literary pursuits.

Your Committee finds that this bill is necessary to remove any lingering questions or doubts about the Research Corporation's authority to accept grants and contracts to provide for training to promote these pursuits on behalf of the University of Hawaii. The Research Corporation could miss out on future training grants and contracts if these questions and doubts are not laid to rest quickly and unambiguously.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1659 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1787 Ways and Means on H.B. No. 1662

The purpose of this bill is to extend the current management arrangements over the state aquarium from June 30, 1997, to June 30, 1999.

Your Committee finds that current management arrangements for the aquarium are with the Research Corporation of the University of Hawaii and the University of Hawaii Foundation. Extending the deadline for the transfer of management responsibilities will allow sufficient time for present management to resolve some human resources systems issues.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1662 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1788 Ways and Means on H.B. No. 1709

The purpose of this bill is to enable the Hawaii teacher standards board to collect licensing and credentialing fees through mandatory payroll deductions, for deposit into the Hawaii teacher standards board revolving fund.

Furthermore, this bill also repeals the law that prohibits the Department of Education from issuing a license or credential to someone who has not paid the required fees.

Your Committee finds that mandatory payroll deductions for professional fees will streamline the licensing and credentialing process and improve administrative efficiency. Furthermore, mandatory deductions will ensure that all teachers are at all times

licensed and credentialed. Thus, there is no need to retain the prohibition against issuing a license or credential to a teacher who has not paid fees.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1709, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1789 Ways and Means on H.B. No. 2016

The purpose of this bill is to create a revolving fund for the University of Hawaii-Hilo theatre program.

Your Committee finds that a revolving fund into which donations, fees, admissions, and other charges are deposited will help the University of Hawaii-Hilo theatre pay for the cost of visiting artists' hotel room rentals, and other honoraria, thereby bringing into Hilo some talented performers who might otherwise not be available to the local community. Other costs associated with the theatre program may be paid from the moneys of the revolving fund to help with theatre production and rental or purchase of equipment, supplies, and materials--all of which can benefit the school and its instructors and help the program pay its own way.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2016, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1790 Ways and Means on H.B. No. 787

The purpose of this bill is to authorize the Director of Finance to accept letters of credit issued by the Federal Home Loan Bank as eligible collateral to secure deposits of public funds.

Your Committee agrees with the intent of this bill, which expands the list of permissible securities that can be used for protection of public funds. Your Committee finds that this will benefit both the State and Hawaii financial institutions by increasing the pool of available and financially sound collateral.

Your Committee further finds that letters of credit are a cost-effective alternative to pledging securities. By pledging Federal Home Loan Bank letters of credit, local financial institutions can utilize an expanded list of collateral for pledging purposes, thereby providing them with enhanced liquidity. The State has recognized the financial strength of the Federal Home Loan Bank by approving Federal Home Loan Bank notes and bonds as being acceptable for the short-term investment of state moneys.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 787 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1791 Ways and Means on H.B. No. 1687

The purpose of this bill is to authorize the State to receive and make electronic funds transfers.

Your Committee finds that the technological advancements of recent years allow the State to streamline its simple receipt and disbursements of funds. The processing of electronic funds transfers is as safe and accurate as the processing of checks, but is much quicker. Far less manual labor is involved. Use of electronic funds transfers can free up staff resources from menial tasks and channel resources to more pressing matters.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1687 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1792 Ways and Means on H.B. No. 1855

The purpose of this bill is to make the compliance resolution fund permanent.

The bill also requires regulated solicitors to pay their fees into the compliance resolution fund in the same manner as other regulated professions and occupations.

Your Committee finds that the compliance resolution fund was established as a special fund in 1982 and has provided a mechanism for the use of money collected through specially assessed license fees for the operation of the Regulated Industries Complaints Office. The compliance resolution fund has since been expanded to include fees and penalties to support other department functions and has been a critical component in the self-sufficiency efforts of the Department of Commerce and Consumer Affairs and its divisions that utilize the fund.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1855, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1793 Ways and Means on H.B. No. 1869

The purpose of this bill is to allow the Insurance Commissioner to use the no-fault administration revolving fund to hire necessary personnel without regard to chapters 76 and 77 in order for the Commissioner to fulfill the Commissioner's duties imposed under the no-fault law.

Your Committee intends that personnel hired through the fund must have specialized knowledge vital to ensure prompt reviews at levels of the claims challenge process.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1869, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1794 Ways and Means on H.B. No. 1878

The purpose of this bill is to reduce the cost of restoring a forfeited license of public accountancy.

In addition, this bill:

- (1) Eliminates permit restoration requirements;
- (2) Requires the Director of Commerce and Consumer Affairs to establish fees through the rulemaking process; and
- (3) Requires all fees to be deposited into the compliance resolution fund.

Your Committee finds that this measure will benefit the public through consistency regarding fees and continue to encourage self-sufficiency of government programs.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1878, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1795 Ways and Means on H.B. No. 1895

The purpose of this bill is to authorize the members of advisory committees established by the Department of Commerce and Consumer Affairs to serve as consultants to the Director in addition to the respective boards, and as experts for professional and vocational licensing matters.

Your Committee finds that this measure will benefit both the professions and government programs through greater opportunities for interaction. More importantly, a number of regulatory programs are now supervised by the Director rather than a board or commission. The director has no less, and possibly an even greater, need for advice from advisory committees than many of the boards and commissions.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1895, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1796 Ways and Means on H.B. No. 1896

The purpose of this bill is to require deposit of professional and vocational license fees to the credit of the compliance resolution fund rather than to the general fund.

Your Committee finds that the compliance resolution fund is instrumental in the continuing development of self-sufficiency of government programs and that professional and vocational license fees are a logical source of funding. To date, the professional and vocational licensing programs of the Department of Commerce and Consumer Affairs are substantially, if not completely, self-sufficient based on fees paid by regulated licensees. This self-sufficiency should be encouraged and supported.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1896, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1797 Ways and Means on H.B. No. 2110

The purpose of this bill is to conform the filing date for public utility exemptions of real property taxes with the date specified in each respective county ordinance.

Under existing law, a public utility seeking a real property tax exemption (by virtue of the fact that the utility is taxed under the public service company tax law) must file a return with the tax assessor on or before December 31 of the preceding tax year. This bill ensures that property tax assessments are certified as of the date specified in the respective counties' ordinance.

Your Committee recognizes that the counties may establish different filing dates in their respective ordinances, and finds that this bill is necessary to maintain the integrity of the respective counties' budgetary processes. Your Committee further finds that the counties should have the authority to set their own filing deadlines in these types of cases.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2110, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1798 Ways and Means on H.B. No. 1572

The purpose of this bill is to update references in a variety of laws relating to agricultural loans.

Specifically, this bill:

- (1) Replaces obsolete references to the "Farmers Home Administration", which no longer exists, with references to the "United States Department of Agriculture", the federal department that now administers those farm programs directly;
- (2) Reduces the number of credit denials required for the State's agricultural loan programs from four to three; and
- (3) Repeals the State's program for making loans under the insured program of the Farmers Home Administration.

Your Committee finds that no loans have been made under the Farmers Home Administration insured loan program and the repeal of this authority is appropriate at this time. Your Committee also finds that the reduction of the number of credit denials from four to three will help to shorten the application process for farmers who apply for agriculture loans, thereby helping to expedite the loan application process.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1572, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1799 Ways and Means on H.B. No. 1573

The purpose of this bill is to clarify current law relating to agricultural loans made on unsurveyed lands.

Your Committee finds that under current law, no loans may be made on unsurveyed lands. By clarifying the language of this provision to limit the restriction to loans under the Class "A" category (farm ownership and improvement), loans can be secured by properties with mortgageable or transferable titles. This clarification will permit the Department of Agriculture to consider other classes of loans to farmers who use unsurveyed land for farm production which would help to promote agricultural development in Hawaii.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1573 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1800 Ways and Means on H.B. No. 1574

The purpose of this bill is to repeal the exception for direct class "D" emergency agricultural loans, that exempts borrowers from the requirement of seeking refinancing when the borrower is able to obtain private financing.

Your Committee finds that emergency agricultural loans are designed to help farmers in times of economic hardship caused by disease outbreaks, natural disasters, and the like. However, when the borrower regains financial strength and stability, that borrower should refinance the loan with a private lender. In this way, the Department of Agriculture will be able to accelerate the return of borrowed money back to its revolving fund, and thereby become available for loans to other farmers. This measure thus makes the borrower's financial condition and performance the basis for graduating to private financing instead of making the class of loan the determining factor for an exemption from graduating to the commercial lender.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1574 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1801 Ways and Means on H.B. No. 1576

The purpose of this bill is to clarify the definition of "administrator" in the measurement standards law.

The bill also makes housekeeping amendments concerning the change in the organizational designation of the Measurement Standards Division from a division to a branch within the Department of Agriculture.

Your Committee finds that this measure reflects the 1996 internal reorganization of the Department of Agriculture which changed the Measurement Standards program from a division to a branch under the Quality Assurance Division. Therefore, the bill also defines the Administrator of the Measurement Standards program as the administering officer of the Quality Assurance Division to reflect the new organizational structure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1576 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1802 Ways and Means on H.B. No. 1581

The purpose of this bill is to provide emergency funding for needed repairs for the Waianae Agricultural Park, the Waimanalo Irrigation System, and the Kekaha Agricultural Park Irrigation System.

Your Committee finds that the November 1996 storm damage in Waianae and Waimanalo require cleanup and repair to roadways and drainage systems while the opening of Kekaha Agricultural Park Irrigation System requires additional operation and maintenance expenses. The Waianae and Waimanalo cleanup and repair work are eligible for assistance from the Federal Emergency Management Agency to cover seventy-five per cent of the cost. The State must cover the remaining twenty-five per cent. Your Committee finds that the Kekaha Agricultural Park Irrigation System on Kauai involves \$31,000 in revolving fund expenses. Therefore, the appropriation being made by this measure is necessary and vital to the continued functioning of these projects.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1581 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 2 (Iwase, Levin).

SCRep. 1803 Ways and Means on H.B. No. 1696

The purpose of this bill is to expand the duties of the Natural Energy Laboratory of Hawaii Authority (NELHA).

Specifically, this bill authorizes NELHA to support ocean related industries, research, and technology that promote national and state interests in Hawaii and foster potential economic development.

Your Committee finds that the administration of the federal grant which funds the National Defense Center for Excellence for Research in Ocean Sciences (CEROS) was transferred from the High Technology Development Corporation (HTDC) to the NELHA in 1996. CEROS is an entirely federally-funded program whose mission is to foster the development of marine technology in areas of dual interest both to the Department of Defense and private industry. Its mission complements the Department of Business, Economic Development, and Tourism's Ocean Resources Branch program to promote the development of Hawaii's ocean research and development industry.

Since its transfer to the NELHA, CEROS has attempted to assign existing contracts from the HTDC to the NELHA. Although this may be allowed under existing law governing the NELHA, the Office of the Attorney General has advised that NELHA's authority to receive federal grants and administer CEROS contracts should be clarified as set forth in this measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1696, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1804 Ways and Means on H.B. No. 2214

The purpose of this bill is to make the coffee certification program mandatory for all coffee grown in Hawaii.

In particular, this bill:

- (1) Requires that all Hawaii-grown green coffee beans be inspected and certified by the Department of Agriculture for grade and origin unless otherwise specified by rules;
- (2) Authorizes the Department to adopt rules to establish a program of self-inspection and certification of agricultural commodities;
- (3) Prohibits any Hawaii-grown green coffee beans from being shipped outside the area of their geographic origin to any point within or outside Hawaii unless the beans have been inspected and certified; and
- (4) Appropriates \$10,000 to be deposited into the coffee inspection revolving fund to train new coffee inspectors; provided that the same amount is to be repaid to the state general fund from revenues collected in the coffee inspection revolving fund from users of inspection services.

Your Committee finds that this bill is necessary to maintain the reputation and integrity and to assure the high standards of the State's renowned coffee industry, and that making the existing voluntary coffee certification program a mandatory program will help to protect and ensure the highest quality of coffee grown in Hawaii. Your Committee further finds that this bill will assist industry efforts to reassure buyers of the authenticity and premium quality of Hawaii's coffees.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2214 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1805 Ways and Means on H.B. No. 2238

The purpose of this bill is to establish a park acquisition trust fund to collect public and private contributions to acquire lands for the state park system through the condemnation of private lands.

Your Committee agrees with the intent of this bill, and finds that it addresses concerns over the loss of open space in Hawaii as new residents and commercial developments compete for increasingly limited land and resources. This bill encourages the development of new state parks by providing potential contributors with assurances that their contribution will be used for the specific park acquisition or expansion effort for which it was intended, in conjunction with favorable existing income tax treatment for these contributions. Your Committee further finds that this bill will assist the State in providing greater recreational opportunities for residents and visitors as well as natural resource protection.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2238, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1806 Ways and Means on H.B. No. 816

The purpose of this bill is to "grandfather" public employees who have active military service and who became members of the Employees' Retirement System prior to June 18, 1996.

This bill will allow these members to obtain service credit of up to two years after earning at least eight years of credited service in the retirement system.

Your Committee finds that under Act 241, Session Laws of Hawaii 1996, the number of years needed to qualify for military service credit in the retirement system was increased from eight to ten years. However, Act 241 neglected to "grandfather" in current members, compelling many employees to reexamine their retirement plans. This bill rectifies that oversight.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 816, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1807 Ways and Means on H.B. No. 1463

The purpose of this bill is to streamline the state supplemental payment schedules for type I and type II facilities for residents of adult residential care homes (ARCH) and increase the maximum rate of payment to both types of facilities by \$50.

This bill eliminates the different standards of payment to ARCH facilities based on the level of care and consolidates the payment schedules by setting a maximum payment allowed that is based only on whether the facility is a type I or a type II ARCH facility. This bill increases the maximum state supplemental payment for type I facilities from a range of \$284.90 to \$471.90 to a flat \$521.90 and for type II facilities from a range of \$338.90 to \$579.90 to a flat \$629.90.

Your Committee finds that the simplification of the payment process will expedite the placement of individuals in ARCH facilities as well as the compensation to care home operators. This time-saving simplification of state supplemental payments to home care operators will give Department of Human Services personnel more opportunity to focus their energies on other needed social services.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1463, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Ihara, Tam, Taniguchi, Anderson).

SCRep. 1808 Ways and Means on H.B. No. 1615

The purpose of this bill is to clarify the method of computing the amount of compensation to be paid an employee who is hired after June 30, 1997, and who is terminated with accrued vacation allowance due and owing.

Your Committee finds that, presently, when a state employee is terminated and a decision is made to compensate the employee for accumulated and accrued vacation, the amount due and owing is computed using the applicable pay rates in effect at the time payment is made. However, your Committee finds that, in view of the State's current fiscal condition, the computation should be based upon applicable pay rates at the time the employee is terminated. Because this bill applies only to those employees hired after June 30,

1997, your Committee further finds that this measure poses no impact upon existing employees, nor is there any intent to evade collective bargaining obligations under chapter 89, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1615 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1809 Ways and Means on H.B. No. 1617

The purpose of this bill is to require that all decisions approving or disapproving employee suggestions for employee innovation awards be final and deemed the performance of a discretionary function.

The bill also designates that, in the case of a dispute, the final arbiter of the proper amount of the award shall be the Comptroller for state government, the Administrative Director of the Courts for the Judiciary, and in the case of the counties, the respective county Director of Finance.

Your Committee intends that the innovation awards program shall have no impact upon wages, hours, and conditions of employment under law.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1617, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1810 Ways and Means on H.B. No. 1620

The purpose of this bill is to conform state law to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 by allowing the State to deduct and withhold any overissuance in the food stamp program from unemployment compensation paid to the same individual.

The bill also relaxes the law relating to employer reporting of new hires to the Department of Labor and Industrial Relations, prohibits filing of wage information reports for employees performing intelligence or counter-intelligence functions if the filing could endanger the employee or the employee's mission, and specifies that the restriction of assignment of benefits is waived for voluntary withholding for payment of taxes and withholding and deduction for repayment of food stamp overissuances.

Your Committee finds that these changes are necessary under federal law, and will serve to tighten up loopholes in the current system. Your Committee notes that deduction and withholding of food stamp overissuances is fair as the recipient should not receive a windfall due to agency error. In times of fiscal austerity, overpayment on one person's account may very well mean less for some other deserving recipient. This change will ensure that governmental assistance is distributed fairly.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1620, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1811 Ways and Means on H.B. No. 1719

The purpose of this bill is to make emergency appropriations for the blind vendor program and the blind shop program for the remainder of the current fiscal year 1996-1997.

Your Committee finds that the sums appropriated under this measure are necessary to supplement the sums that were previously appropriated to the programs in the budget acts of 1995 and 1996. The prior appropriations are not adequate to operate the programs for the remainder of the current fiscal year. Adequate funding is necessary to meet statutory obligations and to fulfill a federal mandate.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1719 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1812 Ways and Means on H.B. No. 1810

The purpose of this bill is to require public safety investigative staff members to work in that capacity for at least five years prior to retirement in order to qualify for the two and one-half per cent per year retirement allowance.

This bill rectifies an oversight in Act 196, Session Laws of Hawaii 1994, that granted public safety investigative staff a two and one-half per cent per year retirement allowance. That Act inadvertently neglected to qualify that allowance with a five-year service requirement. Requiring the five-year service requirement prior to retirement places public safety investigative staff on par with other similarly situated law enforcement and public safety positions.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1810 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1813 Ways and Means on H.B. No. 1812

The purpose of this bill is to protect retirement, health, and death benefits for spouses and dependent children of the members of the Employees' Retirement System.

Specifically, this bill requires the person appointed by the Family Court as guardian of an incapacitated Employees' Retirement System member, rather than the member's department head, to file disability retirement applications on behalf of the member. This bill also extends survivor health benefits to eligible spouses and dependent children of the Employees' Retirement System members who die before retirement age without filing a disability application. Finally, the bill expands the eligibility to receive death benefits to include cases where death occurs while the member is on authorized leave without pay.

The specific situations that are affected in this bill do not provide additional benefits, but allow the payment of benefits that would be awarded in the event timely paperwork had been filed before the death of an Employees' Retirement System member. This bill streamlines the actions a family has to take to secure needed death and health benefits upon the death of a member of the system.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1812, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1814 Ways and Means on H.B. No. 1381

The purpose of this bill is to authorize the Supreme Court of Hawaii to adopt rules to establish nonrefundable filing fees to be charged for appeals involving amounts under \$1,000 brought in the Tax Appeal Court.

Your Committee finds that there has been no increase in fees assessable by the courts under chapter 232, Hawaii Revised Statutes, since 1933. As a result, the fees currently charged by the courts under the tax appeals law fail to reflect the actual costs of carrying out these services and transactions.

This bill allows the Supreme Court to update tax appeals fees, thereby making the law consistent with chapter 607, Hawaii Revised Statutes, which allows the Supreme Court to establish fees for district, circuit, and appellate courts.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1381, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1815 Ways and Means on H.B. No. 1631

The purpose of this bill is to appropriate funds to the Criminal Injuries Compensation Commission to compensate crime victims for their losses.

Your Committee finds that the Criminal Injuries Compensation Commission performs an important public function by providing a small measure of recompense for crime victims. Your Committee notes that the appropriation for this fiscal year is smaller than last year's, reflecting the State's fiscal condition.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1631, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1816 Ways and Means on H.B. No. 1634

The purpose of this bill is to permit, instead of require, the Hawaii paroling authority to give released prisoners, when imprisoned for more than one year, not more than \$200, and to remove the requirement that the authority provide the released prisoner with clothing.

Your Committee finds that not all released prisoners are destitute and that they do not all need the \$200 currently required to be furnished to them by the authority. It does not make fiscal sense to give the funds to those who do not need them. This bill is necessary to give the authority the flexibility to determine who needs the funds to help make the transition to the outside world and who does not.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1634, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1817 Ways and Means on H.B. No. 1036

The purpose of this bill is to authorize the Department of Hawaiian Home Lands to issue revenue bonds not exceeding \$100,000,000 for Hawaiian home lands capital improvement projects.

Your Committee finds that, pursuant to section 204.5 of the Hawaiian Homes Commission Act of 1920, as amended, the Department of Hawaiian Home Lands is authorized to issue revenue bonds from time to time as authorized by the Legislature. That Act provides that the provisions of chapter 39, part III, Hawaii Revised Statutes, are to apply to the Department, and that all revenue bonds issued by the Department are to be issued in the name of the Department and not the name of the State.

Your Committee further finds that thousands of applicants have been on waiting lists for over thirty years, and that fewer than five thousand actually reside on homesteads on approximately twenty per cent of the homestead land base. Many applicants have died waiting for a parcel of land that never materialized. Many of those who were able to finally obtain land are currently waiting for such basics as irrigation water and needed infrastructure. Your Committee finds that the issuance of revenue bonds pursuant to this bill will greatly assist the Department in implementing its plans to accelerate infrastructure and housing construction statewide.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1036, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1818 Ways and Means on H.B. No. 1104

The purpose of this bill is to formally reauthorize the Hui 'Imi Task Force as an Advisory Council and place it within the Department of Accounting and General Services.

Since 1989, the Hui 'Imi Task Force has assisted the Legislature by making findings and recommendations concerning the coordination of public and private services available to Hawaiians in the areas of education, economic development, housing, employment, medicine, law, cultural issues, and social service issues. Although the task force ended in 1991, their work and dedication to their cause has continued informally funded by the private sector. This bill formally reauthorizes the Hui 'Imi task force as the Hui 'Imi advisory council, requiring the advisory council to report to the Legislature prior to the regular sessions of 1999, 2001, and 2003. The reauthorization is effective until June 30, 2004. This reauthorization does not include the appropriation of any funds.

The Legislature finds that the work of the successor entity to the Hui 'Imi task force is and will continue to be an invaluable resource of communication and among the public and private sectors on issues of concern to Hawaiians.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1104, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1819 Ways and Means on H.B. No. 1746

The purpose of this bill is to clarify the duties and powers of the Kaho'olawe Island Reserve Commission.

Specifically, this bill provides the Kaho'olawe Island Reserve Commission with the same powers bestowed upon island burial councils established pursuant to chapter 6E, Hawaii Revised Statutes, with respect to burials and human skeletal remains found on the island of Kaho'olawe. The bill also allows the Commission to delegate to its staff certain authority and administrative functions required of the Commission under the reserve commission law, chapter 6K, Hawaii Revised Statutes.

Your Committee believes that the bill will assist the Kaho'olawe Island Reserve Commission in achieving its mandated purpose.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1746 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1820 Ways and Means on H.B. No. 1752

The purpose of this bill is to require rents determined during rental reopenings under the public land law, chapter 171, Hawaii Revised Statutes, to be at fair market value at the time of the reopening.

Your Committee believes that this requirement will increase revenues for the State as well as establish a "level playing field" for all persons interested in rental public lands.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1752, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1821 Ways and Means on H.B. No. 1768

The purpose of this bill is to insert corrected tax map key numbers for parcels being transferred to the Department of Hawaiian Home Lands.

Your Committee finds that the bill correctly identifies lands transferred under Act 95, Session Laws of Hawaii 1996.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1768, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1822 Ways and Means on H.B. No. 1707

The purpose of this bill is to require the Office of Veterans' Services to inspect state war memorials and veterans' cemeteries for deficiencies, and report all repair and maintenance problems to the Adjutant General, the Comptroller, and the Legislature every three years rather than on an annual basis.

Your Committee finds that the Office of Veterans' Services currently spends approximately \$12,000 each year to prepare its annual report detailing the repair and maintenance problems of war memorials and veterans' cemeteries throughout the State. Currently, there are fifty-two memorials and cemeteries in Hawaii. Due to the limited staff of the Office, conducting site inspections, gathering reports, analyzing the information, and publishing a report in time for each legislative session is virtually impossible.

This bill establishes a more cost-effective inspection schedule enabling more responsive repair and maintenance work.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1707 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1823 Ways and Means on H.B. No. 1757

The purpose of this bill is to broaden the law relating to concessions on public property to include parking lots.

Your Committee finds that the State's law relating to concessions on public property currently fails to address the issue of granting concessions for the operation of parking lots on public property--resulting in confusion over the State's authority to allow the use of state property for this purpose. This bill amends the concessions on public property law by including parking lot operations within the scope of the definition of the term "concession" as used in the law.

Your Committee finds that this bill will clarify the State's authority to grant any person the privilege to operate a parking lot on property owned or controlled by the State--with the exception of property controlled by the Department of Education.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1757, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Iwase).

SCRep. 1824 Ways and Means on H.B. No. 264

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist the Wilcox Health System and its nonprofit affiliates in financing the development of an integrated health care delivery system for Kauai.

Your Committee finds that this bill is necessary to provide needed benefits to the Kauai community, including the streamlining of operational systems and an assurance to the people of Kauai of the continuation of quality and affordable on-island health care services. Your Committee believes that authorizing the issuance of special purpose revenue bonds will enhance the ability of the Wilcox Health System to provide necessary health care services to the people of Kauai.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 264, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1825 Ways and Means on H.B. No. 1753

The purpose of this bill is to provide the Department of Land and Natural Resources with greater flexibility in the utilization and administration of the historic preservation special fund.

Specifically this bill:

- (1) Requires all moneys derived from historic preserve user fees, historic preserve leases, concession fees, and the sale of goods to be deposited into the historic preservation special fund;

- (2) Allows moneys in the special fund to be used for the purchase of goods and the production of public information materials; and
- (3) Requires the annual report of the historic preservation program to account for all income, expenditures, and balances of the special fund.

Your Committee finds that the flexibility provided under this bill will enable the establishment of cooperative partnerships between the Department and the private sector for publication of books and other materials pertaining to historic sites and properties in Hawaii.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1753, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Tanaka, Taniguchi, Anderson).

SCRep. 1826 Ways and Means on H.B. No. 1712

The purpose of this bill is to expand the Department of Hawaiian Homes Lands' authorization to develop and construct rental housing units for native Hawaiians to include single-family units.

Furthermore, this bill allows lessees with departmental approval to sublet their premises to native Hawaiians. This bill also allows lessees to have mortgages on their property insured by private mortgage insurers as well as by specified federal agencies.

Your Committee finds that these amendments give beneficiaries of the Hawaiian Homes Commission Act more market options and flexibility with regard to their leaseholds. Increased options flexibility will facilitate homesteader efforts to pursue an economically self-sufficient lifestyle by levelling their playing field relative to other leaseholders and homeowners.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1712, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 1 (Taniguchi).

SCRep. 1827 Ways and Means on H.B. No. 1642

The purpose of this bill is to authorize the Department of Taxation to allow taxpayers to file tax returns and related documents through electronic, telephonic, or optical means.

Testimony in support of this measure was received from the Department of Taxation. The Tax Foundation of Hawaii offered informational comments.

Your Committee finds that the computerized or "paperless" filing authorized under this bill will eliminate some of the present filing inefficiencies associated with paper filing. Paper filing expends thousands of personnel hours annually, and the manual processing of paper generates human errors. Furthermore, a computerized filing system accommodates the computer capabilities of many current taxpayers.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1642 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 11. Noes, none. Excused, none.

SCRep. 1828 Ways and Means on H.B. No. 1643

The purpose of this bill is to provide penalties for electronic funds transfer payments that are dishonored, and for taxpayers who refuse to pay their taxes using an electronic funds transfer method approved by the Department of Taxation.

Specifically, this bill:

- (1) Provides a service charge of \$15 on electronic funds transfer payments that are dishonored;
- (2) Provides a penalty of two per cent of the amount of the tax due on taxpayers who refuse to pay their taxes using an electronic funds transfer method approved by the Department of Taxation; and
- (3) Requires the Department of Taxation to submit an annual report to the Legislature containing the number of taxpayers who were assessed the two per cent penalty, the amounts of each assessment, and the total amount of assessments collected for the previous year.

Your Committee received testimony in support of this bill from the Department of Taxation. Informational testimony was received from the Tax Foundation of Hawaii.

Your Committee finds that Acts 97 and 121, Session Laws of Hawaii 1995, contained no explicit penalties concerning dishonored electronic funds transfer payments and failure to pay taxes using an approved electronic funds transfer method. This bill will resolve these ambiguities and increase the efficiency and effectiveness of state tax collection efforts.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1643, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, none.

SCRep. 1829 Judiciary on Gov. Msg. No. 296

Recommending that the Senate advise and consent to the nomination of LANI RAE SUIISO GARCIA to the Hawaii Paroling Authority, term to expire June 30, 2000.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 1830 Economic Development on Gov. Msg. Nos. 289, 297 and 298

Recommending that the Senate advise and consent to the nominations of the following:

SUMNER PARDEE ERDMAN to the Board of Agriculture, term to expire June 30, 2001 (Gov. Msg. No. 289);

ROSE CRUZ CHURMA, PAUL Y. CHINEN and AUDREY E.J. NG to the Board of Directors, Hawai'i Strategic Development Corporation, terms to expire June 30, 2001 (Gov. Msg. No. 297);

SAM SHENKUS and LETICIA T. GAOING to the Hawai'i Tourism Marketing Council, terms to expire June 30, 1999 (Gov. Msg. No. 298); and

HIDEAKI IMURA, LESTER W.B. MOORE and ROSS WILSON JR., to the Hawai'i Tourism Marketing Council, terms to expire June 30, 2001 (Gov. Msg. No. 298).

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 4 (Bunda, Chumbley, Iwase, Matsunaga).

SCRep. 1831 Ways and Means on Gov. Msg. No. 251

Recommending that the Senate advise and consent to the nomination of RICKI K. TAMANAHA to the Board of Taxation Review, Second Taxation District (Maui County), term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Ihara, Tam, Taniguchi, Anderson).

SCRep. 1832 Ways and Means on Gov. Msg. No. 252

Recommending that the Senate advise and consent to the nomination of ALVIN WAKAYAMA to the Board of Taxation Review, Third Taxation District (Hawai'i), term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Ihara, Tam, Taniguchi, Anderson).

SCRep. 1833 Ways and Means on Gov. Msg. No. 253

Recommending that the Senate advise and consent to the nominations of the following to the Board of Taxation Review, Fourth Taxation District (Kauai):

GEORGE M. MENOR, terms to expire June 30, 1997, and June 30 2001; and

EDUARDO TOPENIO, JR., term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Ihara, Tam, Taniguchi, Anderson).

SCRep. 1834 Ways and Means on Gov. Msg. No. 318

Recommending that the Senate advise and consent to the nomination of AMOR B. NINO to the Board of Taxation Review, First Taxation District (Oahu), term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 5 (Fernandes Salling, Ihara, Tam, Taniguchi, Anderson).

SCRep. 1835 Human Resources on Gov. Msg. No. 291

Recommending that the Senate advise and consent to the nomination of GEORGE NIITANI to the Civil Service Commission, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Baker, Fukunaga, Levin).

SCRep. 1836 Health and Environment on H.C.R. No. 250

The purpose of this concurrent resolution is to request the Auditor, incorporating a financial audit and a management component identifying management issues pertaining to hindrance or facilitation of a seamless system of care, to evaluate and assess whether the Big Island demonstration project is:

- (1) Meeting the requirements of the Felix v. Waihee consent decree;
- (2) Using a cost-effective and well-managed methodology; and
- (3) Establishing a system of care that provides prompt access to a continuum of programs, placements, and services to class members.

The Auditor is also requested to report findings and recommendations to the 1998 Legislature.

Your Committee heard testimony in favor of this concurrent resolution submitted by the Commission on Persons with Disabilities and Mental Health Association in Hawai'i. The Commission also recommended an amendment of one of the terms in the measure.

The Director of Health submitted testimony supporting the intent of this measure but expressed concern that the measure misinterprets the intent of the Big Island Pilot Project. The Director notes that since the project is a demonstration activity intending to identify problem areas based on data estimates in 1996, the use of standards developed in 1997 or 2000 would be inaccurate and unfair. In particular, the Director noted that the actual number of children identified as being in need of services was three times the estimated number. Based on those concerns, the Director testified that the Department of Health is opposed to the measure unless more realistic expectations and deadlines are used as a basis for analysis by the Auditor.

After considering the testimony and the merits of this measure, your Committee finds the concerns of the Director are warranted and agree with the Director's study parameters. Consequently, your Committee expressly intends that the evaluation conducted by the Auditor be based on those realistic standards and deadlines applicable to the project as determined or projected at the onset of the project.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 250, H.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 1837 Health and Environment on Gov. Msg. No. 293

Recommending that the Senate advise and consent to the nominations of LORRAINE GODOY, DOMINIC K. INOCELDA, GERALD J. MCKENNA, M.D., THELMA C. NIP, and ANNETTE YAMAGUCHI to the Hawaii Advisory Commission on Drug Abuse and Controlled Substances, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Chun Oakland, Tam).

SCRep. 1838 Health and Environment on Gov. Msg. No. 317

Recommending that the Senate advise and consent to the nomination of STEVEN HOSAKA to the Radiologic Technology Board, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 2 (Chun Oakland, Tam).

SCRep. 1839 Health and Environment on Gov. Msg. Nos. 299, 300, 301, 302, 303, 304, 305 and 306

Recommending that the Senate advise and consent to the nominations of the following:

SUSAN B. HUNT and VIVIAN HO to the Statewide Health Coordinating Council, terms to expire June 30, 1999 (Gov. Msg. No. 299);

NOELLA J. KONG to the Statewide Health Coordinating Council, term to expire June 30, 2000 (Gov. Msg. No. 299);

CLIFTON K. TSUJI, TIMOTHY E. JOHNS, JOHN S. KAOPUA, LEONARD A. RAPOZO SR., EDWIN S. OHTA, SABRINA R. TOMA, HIDEO MATSUSHITA, RANDOLPH P. PERREIRA, MERLE A. RYLAND and PETER C. LEWIS to the Statewide Health Coordinating Council, terms to expire June 30, 2001 (Gov. Msg. No. 299);

MARK TAYLOR to the Honolulu Subarea Health Planning Council, term to expire June 30, 2000 (Gov. Msg. No. 300);

SCOTT EDWARD O'BRIEN, DONN TAKAKI and DEBORAH K. MORIKAWA to the Honolulu Subarea Health Planning Council, terms to expire June 30, 2001 (Gov. Msg. No. 300);

LENORA L. LORENZO, CREIGHTON LIU and PATRICIA ST. JOHN-PAYNE to the Central Oahu Subarea Health Planning Council, terms to expire June 30, 2001 (Gov. Msg. No. 301);

BETTE LARRABEE, AIRLEEN LUCERO and JOAN LEE MARS to the Waianae Coast Subarea Health Planning Council, terms to expire June 30, 2001 (Gov. Msg. No. 302);

HANS TAALA to the Windward Oahu Subarea Health Planning Council, term to expire June 30, 1999 (Gov. Msg. No. 303);

JEROME O. MANNING, CAROL ODO and CLAUDINE MIKI TOMASA, R.N., to the Windward Oahu Subarea Health Planning Council, terms to expire June 30, 2001 (Gov. Msg. No. 303);

RENEE KUSANO, LITO ASUNCION, PATRICK E. LINTON and WAYNE C. SHIROTA to the Hawai'i County Subarea Health Planning Council, terms to expire June 30, 2001 (Gov. Msg. No. 304);

LEONARD A. RAPOZO SR. and ELEANOR R. RAGASA to the Kauai County Subarea Health Planning Council, terms to expire June 30, 2001 (Gov. Msg. No. 305); and

HERBERT A.K. CAMPOS and (HELEN) JEANNE KENLON to the Maui County Subarea Health Planning Council, terms to expire June 30, 2001 (Gov. Msg. No. 306).

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 2 (Chun Oakland, Tam).

SCRep. 1840 Human Resources on Gov. Msg. No. 308

Recommending that the Senate advise and consent to the nominations of the following to the Statewide Independent Living Council:

BARBARA FISCHLOWITZ-LEONG and GARY L. SMITH, terms to expire June 30, 1997, and June 30, 2000; and

MARVIN F. POYZER, HEATHER PROUD, SHARON SHORE and LORI G. ODELL, terms to expire June 30, 1999.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Baker, Fukunaga, Levin).

SCRep. 1841 Commerce, Consumer Protection, and Information Technology on Gov. Msg. Nos. 290, 294, 311, 313, 314, 315 and 316

Recommending that the Senate advise and consent to the nominations of the following:

STEVEN J.T. CHOW to the State Board of Chiropractic Examiners, term to expire June 30, 2001 (Gov. Msg. No. 290);

MELVIN S. KURAOKA, WALLACE T. OKI and GARY T. OURA to the Board of Professional Engineers, Architects, Surveyors, and Landscape Architects, terms to expire June 30, 2001 (Gov. Msg. No. 294);

CULLEN T. HAYASHIDA, Ph.D., to the Board of Medical Examiners, term to expire June 30, 1998 (Gov. Msg. No. 311);

THOMAS B. GROLLMAN, M.D., to the Board of Medical Examiners, term to expire June 30, 2001 (Gov. Msg. No. 311);

LAURA Y. CHOCK to the Board of Examiners in Optometry, term to expire June 30, 2001 (Gov. Msg. No. 313);

JON F. HARRELL, D.O. and RUDY BRIONES to the Board of Osteopathic Examiners, terms to expire June 30, 2001 (Gov. Msg. No. 314);

ANDREW C. NOWINSKI to the Pest Control Board, term to expire June 30, 2001 (Gov. Msg. No. 315); and

VALERIE M.K. MATSUNAGA, Pharm. D. and TERRI-ANN LEONG, Pharm. D., to the Board of Pharmacy, terms to expire June 30, 2001 (Gov. Msg. No. 316).

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 1 (Aki).

SCRep. 1842 Transportation and Intergovernmental Affairs on Gov. Msg. No. 256

Recommending that the Senate advise and consent to the nominations of the following to the Civil Defense Advisory Council:

EDITH C. PASCUA, term to expire June 30, 1998; and

JUDITH A. YOUNG, term to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 1843 Transportation and Intergovernmental Affairs on Gov. Msg. No. 307

Recommending that the Senate advise and consent to the nominations of KELVIN DANG and RANDALL A. MEDEIROS to the State Highway Safety Council, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 1844 Transportation and Intergovernmental Affairs on Gov. Msg. No. 319

Recommending that the Senate advise and consent to the nominations of TAI SOON LEE, ED MINA and ROBERT L. MONTAGUE to the Advisory Board on Veterans Services, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 1845 Transportation and Intergovernmental Affairs on H.C.R. No. 48

The purpose of this concurrent resolution is to urge the members of the Hawaii Congressional Delegation to introduce and support legislation permitting the spouses and adult children of Filipino veterans of World War II to immigrate to the United States without limiting the number of persons who immigrate, and without the requirement of financial sponsorship.

This concurrent resolution also requests the Legislature to recognize the potential of the Filipino-American community, in conjunction with other community groups, government agencies, and private organizations, to help the immigrating children and spouses adjust to their new country and acquire meaningful work that would allow them to contribute to society as a whole.

This concurrent resolution was re-referred to this Committee. Your Committee earlier heard this concurrent resolution and reported it out unamended for referral to the Committee on Ways and Means in Standing Committee Report No. 1361. Upon re-referral, your Committee still believes this concurrent resolution has merit and does not require any amendments.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 48, H.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 1846 (Joint) Transportation and Intergovernmental Affairs and Human Resources on H.C.R. No. 174

The purpose of this concurrent resolution is to urge Hawaii's Congressional Delegation to:

- (1) Propose legislation providing options for and assistance to Filipino Amerasians, including humanitarian, emigration, and financial assistance;
- (2) Support legislation to extend preferential treatment in the admission of Amerasian children of American servicemembers born in the Philippines; and
- (3) Urge President Bill Clinton to communicate with the President of the Republic of the Philippines regarding this issue and to provide relief through Executive Order.

Your Committees have received testimony in support of this concurrent resolution from Post 1572, First Filipino Infantry Regiment, United States Army, and Bravo Hawaii.

Your Committees find that one of the enduring legacies of the United States military presence in the Philippines is the large number of children of American military men and Filipino women. Your Committees note that American military women who served at Clark Air Base and Subic Bay Naval Base also may have given birth to children fathered by Filipino men. These children are referred to as Filipino Amerasians, and number as many as thirty thousand according to the Pearl S. Buck Foundation. Many of these offspring face extreme poverty, sexual abuse, discrimination, and exploitation in their communities.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Human Resources that are attached to this report, your Committees concur with the intent and purpose of H.C.R. No. 174 and recommend its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 5 (Aki, Baker, Chumbley, Fernandes Salling, Fukunaga).

SCRep. 1847 Human Resources on Gov. Msg. No. 145

Recommending that the Senate advise and consent to the nomination of BOB T. KITA to the Civil Service Commission, term to expire June 30, 1999.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 1848 Human Resources on Gov. Msg. No. 189

Recommending that the Senate advise and consent to the nomination of TOBIAS (TOBY) M.L. MARTYN to the Board of Trustees, Employees' Retirement System, term to expire June 30, 2003.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).

SCRep. 1849 Human Resources on Gov. Msg. No. 196

Recommending that the Senate advise and consent to the nominations of RALSTON H. NAGATA and GEORGE M. YASUMOTO to the Board of Trustees, Deferred Compensation Plan, terms to expire June 30, 2001.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fukunaga, Levin, Anderson).