

TWENTIETH DAY

Thursday, February 16, 2012

The House of Representatives of the Twenty-Sixth Legislature of the State of Hawaii, Regular Session of 2012, convened at 12:07 o'clock p.m., with Speaker Say presiding.

The invocation was delivered by Representative Linda Ichiyama, after which the Roll was called showing all Members present with the exception of Representatives M. Lee and Souki, who were excused.

On motion by Representative Evans, seconded by Representative Pine and carried, reading of the Journal was dispensed with and the Journals of the Fifth, Sixth, Seventh and Eighth Days were approved. (Representatives M. Lee and Souki were excused.)

GOVERNOR'S MESSAGES

The following messages from the Governor (Gov. Msg. Nos. 1104 and 1005) were received and announced by the Clerk and were placed on file:

Gov. Msg. No. 1104, informing the House that on February 15, 2012, the following bill was signed into law:

H.B. No. 905, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO DELIVERY OF GOVERNMENT SERVICES." (ACT 004)

Gov. Msg. No. 1105, informing the House that on February 15, 2012, the following bill was signed into law:

H.B. No. 2002, HD 1, entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS TO PROVIDE FOR THE EXPENSES OF THE LEGISLATURE, THE AUDITOR, THE LEGISLATIVE REFERENCE BUREAU, THE OMBUDSMAN, AND THE ETHICS COMMISSION." (ACT 005)

INTRODUCTIONS

The following introduction was made to the Members of the House:

Representative McKelvey, on behalf of Representative Keith-Agaran, introduced participants of the Ka Ipu Kukui Fellows Program on Maui.

ORDER OF THE DAY

REPORTS OF STANDING COMMITTEES

Representative Herkes, for the Committee on Consumer Protection & Commerce presented a report (Stand. Com. Rep. No. 456-12) recommending that H.B. No. 2506, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2506, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Herkes, for the Committee on Consumer Protection & Commerce presented a report (Stand. Com. Rep. No. 457-12) recommending that H.B. No. 2501, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2501, entitled: "A BILL FOR AN ACT RELATING TO MORTGAGE LOAN ORIGINATION," passed Second Reading and was referred to the

Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Herkes, for the Committee on Consumer Protection & Commerce presented a report (Stand. Com. Rep. No. 458-12) recommending that H.B. No. 2502, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2502, HD 1, entitled: "A BILL FOR AN ACT RELATING TO MORTGAGE SERVICERS," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Herkes, for the Committee on Consumer Protection & Commerce presented a report (Stand. Com. Rep. No. 459-12) recommending that H.B. No. 2380, HD 1, as amended in HD 2, be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2380, HD 2, entitled: "A BILL FOR AN ACT RELATING TO SHIPPING," was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Herkes, for the Committee on Consumer Protection & Commerce presented a report (Stand. Com. Rep. No. 460-12) recommending that H.B. No. 2035, HD 1, be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2035, HD 1, entitled: "A BILL FOR AN ACT RELATING TO HEALTH INSURANCE," was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Herkes, for the Committee on Consumer Protection & Commerce presented a report (Stand. Com. Rep. No. 461-12) recommending that H.B. No. 1840, HD 1, as amended in HD 2, be referred to the Committee on Finance.

Representative Chong moved that the report of the Committee be adopted, and that H.B. No. 1840, HD 2, be referred to the Committee on Finance, seconded by Representative Evans.

Representative Ward rose to speak in opposition to the measure, stating:

"Mr. Speaker, I rise in opposition. I've spoken a number of times on this, and arguably this is probably one of the worst ideas that a legislature can deal with. But this is only the task force. The other one, HB 2103, goes right to the jugular.

"But I would suggest, rather than we move in haste Mr. Speaker, we look at what the Boston Federal Reserve Board did, ordering a study on what really happened in the 1919 creation of the Bank of North Dakota. They went through five serious points which I mentioned in my last speech, and I won't ask for you to bear that again. But the point is they have done their diligence. We know that the State Bank is going to buy toxic mortgages, and foreclosures. It's simply not going to work. It's going to put taxpayers' money at risk, and it's a dangerous proposition.

"Having said that, may I have more remarks written for the Journal? And I will be making more speeches on this in the future. Thank you, Mr. Speaker."

Representative Ward's written remarks are as follows:

"Mr. Speaker, I rise in opposition to HB 1840, HD2, which would create a task force to explore the idea of establishing a state bank. The Federal Reserve Bank of Boston already did a study in May of 2011 at the request of the State of Massachusetts to figure out if the success of the Bank of

North Dakota, which is the driving force behind this piece of legislation, could be replicated. Some of that study's major findings need to be brought to the attention of the House because they are relevant to Hawaii's tax payers.

"The Bank of North Dakota started with \$2 million in 1919. The Federal Reserve Bank of Boston's study found that it would cost \$3.6 billion to start up an equivalent bank today. Does Hawaii even have enough for a down payment? And do we really want to divert taxpayer money away from education, health, sustainability, and other existing programs for an unknown amount of years just to start a speculative venture that doesn't have a sound business plan and lacks any concrete justification?"

"The billions of dollars that would be needed by the bank would not be insured by the FDIC. All of the risk would be on the taxpayers. Adding to the danger to taxpayers is the fact that adopting North Dakota's model would leave Gov. Neil Abercrombie and Attorney General David Louie at the helm of the bank, with 76 politicians voting on its budget. The bank and its practices would essentially be under the control of bureaucrats that for the most part don't have any experience running a bank. Politics would end up dictating lending policies and the bank's practices. For example, the state bank is supposed to bail out toxic lenders and make sub-prime mortgages.

"Along politicization leading to bad business practices being carried out, simply establishing a state-owned bank with tax-free status that additionally wouldn't have to deal with federal regulations would be bad for existing local banks because the state bank would serve as unfair competition.

"Lastly, the reasoning that we should establish a state bank on the grounds that it led to North Dakota's successful economy is wrong. The study concluded that the condition of North Dakota's economy was mostly attributable to oil and natural gas extraction rather than anything the state bank could have done.

"State banks have largely been creations of the Third World, in countries where the government has a very strong hand in the economy. When the state bank issue was previously debated on the House Floor, the Central Bank of China was used as an example, with the representative from China Town saying, "Basically everything in China is run by the government." But I don't think the people of Hawaii want to embrace that way of doing things, nor does the government have the capability to run everything.

"Taking advantage of existing programs and agencies is a faster, less costly, and less risky way to address some of the issues that the state bank is supposed to take care of. Getting the state to do something it has no experience doing while putting billions of taxpayer dollars at great risk would be a big mistake.

"For these reasons, Mr. Speaker, I rise in opposition to HB 1840 SD2."

Representative Marumoto rose and asked that the Clerk record a no vote for her, and the Chair "so ordered."

Representative Fontaine rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Pine rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Thielen rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Ching rose in opposition to the measure and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Ching's written remarks are as follows:

"Thank you, Mr. Speaker. I stand in opposition of H.B. 1840 – Relating to State-Owned Bank. This bill establishes a task force to review, investigate, and study the feasibility and cost of establishing a state-owned

bank, which is dilatory to the efforts of current banking institutions. In addition, there is ambiguity of the cost to the State.

"May I echo the words submitted in the testimony by Hawaii Bankers Association, "Hawaii bankers are capable of independently performing [these] services or already obtain [these] services elsewhere ... Any state funds placed with the bank are self insured so the State loses the benefit of collateralization of state deposits." Additionally, the framework of this bill, which is designed around the State Bank of North Dakota, holds the State liable for deposits insured, not the FDIC. Thus, the State takes on the liability in the event of failure. In fact, when the State of Massachusetts considered a similar measure the commission recommended against establishing a state-owned bank.

"This measure would require an unknown amount of State money to establish a bank, let alone a task force to establish a bank. Thank you."

Representative Johanson rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Oshiro rose to speak in support of the measure, stating:

"Mr. Speaker, I rise in strong support. First of all, I'd like to thank the Committee Chair and Committee Members for advancing this bill to create a task force, to do a study of whether a state-owned or people-owned bank is appropriate for Hawaii. That's all it is. So I hope that we can keep an open mind in this marketplace of ideas, and continue the discussion. Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 1840, HD 2, entitled: "A BILL FOR AN ACT RELATING TO STATE-OWNED BANK," was referred to the Committee on Finance, with Representatives Ching, Marumoto and Ward voting no, and with Representatives M. Lee and Souki being excused.

Representative Souki, for the Committee on Transportation presented a report (Stand. Com. Rep. No. 462-12) recommending that H.B. No. 2356, as amended in HD 1, pass Second Reading and be referred to the Committee on Judiciary.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2356, HD 1, entitled: "A BILL FOR AN ACT RELATING TO MOPEDES," passed Second Reading and was referred to the Committee on Judiciary, with Representatives M. Lee and Souki being excused.

Representative Souki, for the Committee on Transportation presented a report (Stand. Com. Rep. No. 463-12) recommending that H.B. No. 2355, as amended in HD 1, pass Second Reading and be referred to the Committee on Judiciary.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2355, HD 1, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLES," passed Second Reading and was referred to the Committee on Judiciary, with Representatives M. Lee and Souki being excused.

Representative Souki, for the Committee on Transportation presented a report (Stand. Com. Rep. No. 464-12) recommending that H.B. No. 2253, as amended in HD 1, pass Second Reading and be referred to the Committee on Judiciary.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2253, HD 1, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC ORDER," passed Second Reading and was referred to the Committee on Judiciary, with Representatives M. Lee and Souki being excused.

Representative Souki, for the Committee on Transportation presented a report (Stand. Com. Rep. No. 465-12) recommending that H.B. No. 2626, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2626, HD 1, entitled: "A BILL FOR AN ACT RELATING TO SAFE ROUTES TO SCHOOL," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Souki, for the Committee on Transportation presented a report (Stand. Com. Rep. No. 466-12) recommending that H.B. No. 2277, pass Second Reading and be referred to the Committee on Judiciary.

Representative Chong moved that the report of the Committee be adopted, and that H.B. No. 2277, pass Second Reading and be referred to the Committee on Judiciary, seconded by Representative Evans.

Representative Marumoto rose in support of the measure and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Marumoto's written remarks are as follows:

"Hurray, a great ATV safety bill is on the move! HB 2277, introduced by Representative Ichiyama, barreled through the House Transportation Committee, crossed the House Floor unanimously as it passed Second Reading, and arrived in the House Committee on Judiciary intact.

"The bill prohibits minors under 16 from riding ATVs, bans ATVs from public streets, bans passengers and requires helmet use. I pushed similar features in HB Nos. 17 and 18.

"Roadblocks will no doubt arise as this vehicle moves closer to reality, but it is critical that the Legislature establish ATV rules soon because of the growing popularity of this form of recreation. Right now, there are none. The result has been numerous deaths and hundreds of serious injuries including permanent traumatic brain injuries – many among children. Let's keep HB 2277 up to speed!"

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2277, entitled: "A BILL FOR AN ACT RELATING TO ALL-TERRAIN VEHICLES," passed Second Reading and was referred to the Committee on Judiciary, with Representatives M. Lee and Souki being excused.

Representatives Brower and Chang, for the Committee on Tourism and the Committee on Water, Land, & Ocean Resources presented a report (Stand. Com. Rep. No. 467-12) recommending that H.B. No. 2183, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committees was adopted and H.B. No. 2183, entitled: "A BILL FOR AN ACT RELATING TO THE CONVENTION CENTER," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Brower, for the Committee on Tourism presented a report (Stand. Com. Rep. No. 468-12) recommending that H.B. No. 2069, HD 1, as amended in HD 2, be referred to the Committee on Consumer Protection & Commerce.

Representative Chong moved that the report of the Committee be adopted, and that H.B. No. 2069, HD 2, be referred to the Committee on Consumer Protection & Commerce, seconded by Representative Evans.

Representative Ching rose to disclose a potential conflict of interest, stating:

"Thank you, Mr. Speaker. I'd like to ask for a ruling on a potential conflict. I serve on a condominium Board of Directors, and own one," and the Chair ruled, "no conflict."

Representative Ching then asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Riviere rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Awana rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative McKelvey rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2069, HD 2, entitled: "A BILL FOR AN ACT RELATING TO HOUSING," was referred to the Committee on Consumer Protection & Commerce, with Representatives M. Lee and Souki being excused.

Representatives Chang and McKelvey, for the Committee on Water, Land, & Ocean Resources and the Committee on Economic Revitalization & Business presented a report (Stand. Com. Rep. No. 469-12) recommending that H.B. No. 2338, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committees was adopted and H.B. No. 2338, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE CREATIVE MEDIA INDUSTRY," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representatives Chang and Coffman, for the Committee on Water, Land, & Ocean Resources and the Committee on Energy & Environmental Protection presented a report (Stand. Com. Rep. No. 470-12) recommending that H.B. No. 2520, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committees was adopted and H.B. No. 2520, HD 1, entitled: "A BILL FOR AN ACT RELATING TO ENVIRONMENTAL PROTECTION," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representatives Chang and Coffman, for the Committee on Water, Land, & Ocean Resources and the Committee on Energy & Environmental Protection presented a report (Stand. Com. Rep. No. 471-12) recommending that H.B. No. 2593, as amended in HD 1, pass Second Reading and be referred to the Committee on Judiciary.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committees was adopted and H.B. No. 2593, HD 1, entitled: "A BILL FOR AN ACT RELATING TO EMERGENCY RULES FOR THREATS TO NATURAL RESOURCES OR THE HEALTH OF THE ENVIRONMENT," passed Second Reading and was referred to the Committee on Judiciary, with Representatives M. Lee and Souki being excused.

Representative Chang, for the Committee on Water, Land, & Ocean Resources presented a report (Stand. Com. Rep. No. 472-12) recommending that H.B. No. 1753, pass Second Reading and be referred to the Committee on Judiciary.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 1753, entitled: "A BILL FOR AN ACT RELATING TO LIABILITY," passed Second Reading and was referred to the Committee on Judiciary, with Representatives M. Lee and Souki being excused.

Representative Chang, for the Committee on Water, Land, & Ocean Resources presented a report (Stand. Com. Rep. No. 473-12) recommending that H.B. No. 1839, pass Second Reading and be referred to the Committee on Judiciary.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 1839, entitled: "A BILL FOR AN ACT RELATING TO WATER SERVICE CONSUMPTION DATA," passed Second Reading and was referred to the

Committee on Judiciary, with Representatives M. Lee and Souki being excused.

Representative Chang, for the Committee on Water, Land, & Ocean Resources presented a report (Stand. Com. Rep. No. 474-12) recommending that H.B. No. 2384, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

Representative Chong moved that the report of the Committee be adopted, and that H.B. No. 2384, HD 1, pass Second Reading and be referred to the Committee on Finance, seconded by Representative Evans.

Representative Thielen rose and asked that the Clerk record a no vote for her, and the Chair "so ordered."

Representative Riviere rose and asked that the Clerk record a no vote for him, and the Chair "so ordered."

Representative Belatti rose and asked that the Clerk record a no vote for her, and the Chair "so ordered."

Representative Ching rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Marumoto rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Wooley rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Hanohano rose to speak in support of the measure with reservations, stating:

"Ho'omalū 'ōlelo, ke kū nei au ke kako'o me ke kanalua."

Representative Hanohano provided the following translation:

Mr. Speaker, I rise with reservations.

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2384, HD 1, entitled: "A BILL FOR AN ACT RELATING TO LAND USE," passed Second Reading and was referred to the Committee on Finance, with Representatives Belatti, Riviere and Thielen voting no, and with Representatives M. Lee and Souki being excused.

Representative Chang, for the Committee on Water, Land, & Ocean Resources presented a report (Stand. Com. Rep. No. 475-12) recommending that H.B. No. 2419, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

Representative Chong moved that the report of the Committee be adopted, and that H.B. No. 2419, HD 1, pass Second Reading and be referred to the Committee on Finance, seconded by Representative Evans.

Representative Thielen rose and asked that the Clerk record a no vote for her, and the Chair "so ordered."

Representative Riviere rose and asked that the Clerk record a no vote for him, and the Chair "so ordered."

Representative Belatti rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Marumoto rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Ching rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Hanohano rose to speak in support of the measure with reservations, stating:

"Ho'omalū 'ōlelo, ke kū nei au ke kako'o me ke kanalua."

Representative Hanohano provided the following translation:

Mr. Speaker, I rise with reservations.

Representative Wooley rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative C. Lee rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2419, HD 1, entitled: "A BILL FOR AN ACT RELATING TO LAND USE," passed Second Reading and was referred to the Committee on Finance, with Representatives Riviere and Thielen voting no, and with Representatives M. Lee and Souki being excused.

Representative Chang, for the Committee on Water, Land, & Ocean Resources presented a report (Stand. Com. Rep. No. 476-12) recommending that H.B. No. 2682, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2682, HD 1, entitled: "A BILL FOR AN ACT RELATING TO COMMERCIAL ACTIVITIES ON OCEAN WATERS," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Chang, for the Committee on Water, Land, & Ocean Resources presented a report (Stand. Com. Rep. No. 477-12) recommending that H.B. No. 2871, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

Representative Chong moved that the report of the Committee be adopted, and that H.B. No. 2871, HD 1, pass Second Reading and be referred to the Committee on Finance, seconded by Representative Evans.

Representative McKelvey rose to speak in support of the measure, stating:

"Yes, Mr. Speaker. I am in strong support."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2871, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE WEST MAUI OCEAN RECREATION MANAGEMENT AREA," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representatives Chang and Coffman, for the Committee on Water, Land, & Ocean Resources and the Committee on Energy & Environmental Protection presented a report (Stand. Com. Rep. No. 478-12) recommending that H.B. No. 2872, HD 1, as amended in HD 2, be referred to the Committee on Finance.

Representative Chong moved that the report of the Committees be adopted, and that H.B. No. 2872, HD 2, be referred to the Committee on Finance, seconded by Representative Evans.

Representative Ward rose to speak in support of the measure, stating:

"Mr. Speaker, I rise in strong support. This is about aerospace and all about our future."

The motion was put to vote by the Chair and carried, and the report of the Committees was adopted and H.B. No. 2872, HD 2, entitled: "A BILL FOR AN ACT RELATING TO AEROSPACE HIGH TECHNOLOGY DISTRICTS," was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representatives Coffman and Chang, for the Committee on Energy & Environmental Protection and the Committee on Water, Land, & Ocean Resources presented a report (Stand. Com. Rep. No. 479-12) recommending that H.B. No. 2690, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committees was adopted and H.B. No. 2690, HD 1, entitled: "A BILL FOR AN ACT RELATING TO GEOTHERMAL RESOURCES," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Coffman, for the Committee on Energy & Environmental Protection presented a report (Stand. Com. Rep. No. 480-12) recommending that H.B. No. 2326, pass Second Reading and be referred to the Committee on Finance.

Representative Chong moved that the report of the Committee be adopted, and that H.B. No. 2326, pass Second Reading and be referred to the Committee on Finance, seconded by Representative Evans.

Representative Thielen rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Ching rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2326, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Coffman, for the Committee on Energy & Environmental Protection presented a report (Stand. Com. Rep. No. 481-12) recommending that H.B. No. 2249, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2249, HD 1, entitled: "A BILL FOR AN ACT RELATING TO LANDFILLS," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Coffman, for the Committee on Energy & Environmental Protection presented a report (Stand. Com. Rep. No. 482-12) recommending that H.B. No. 2485, HD 1, as amended in HD 2, be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2485, HD 2, entitled: "A BILL FOR AN ACT RELATING TO ELECTRIC VEHICLE PARKING," was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representatives Coffman and Cabanilla, for the Committee on Energy & Environmental Protection and the Committee on Housing presented a report (Stand. Com. Rep. No. 483-12) recommending that H.B. No. 2799, as amended in HD 1, pass Second Reading and be referred to the Committee on Consumer Protection & Commerce.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committees was adopted and H.B. No. 2799, HD 1, entitled: "A BILL FOR AN ACT RELATING TO ELECTRIC VEHICLES," passed Second Reading and was referred to the Committee on Consumer Protection & Commerce, with Representatives M. Lee and Souki being excused.

Representatives Mizuno and Cabanilla, for the Committee on Human Services and the Committee on Housing presented a report (Stand. Com. Rep. No. 484-12) recommending that H.B. No. 2280, as amended in HD 1, pass Second Reading and be referred to the Committee on Judiciary.

Representative Chong moved that the report of the Committees be adopted, and that H.B. No. 2280, HD 1, pass Second Reading and be referred to the Committee on Judiciary, seconded by Representative Evans.

Representative Ching rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Jordan rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Mizuno rose to speak in support of the measure, stating:

"In support, Mr. Speaker. I just wanted to share with the Members that it's very clear in the bill that it's to protect victims of domestic violence from having their tenancy terminated. But nothing in the bill precludes the landlord from terminating any lease agreement for any other legal reason. Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committees was adopted and H.B. No. 2280, HD 1, entitled: "A BILL FOR AN ACT RELATING TO DOMESTIC VIOLENCE," passed Second Reading and was referred to the Committee on Judiciary, with Representatives M. Lee and Souki being excused.

Representative Aquino, for the Committee on Public Safety & Military Affairs presented a report (Stand. Com. Rep. No. 485-12) recommending that H.B. No. 2063, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2063, HD 1, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC SAFETY," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative McKelvey, for the Committee on Economic Revitalization & Business presented a report (Stand. Com. Rep. No. 486-12) recommending that H.B. No. 2239, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2239, HD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative McKelvey, for the Committee on Economic Revitalization & Business presented a report (Stand. Com. Rep. No. 487-12) recommending that H.B. No. 2272, as amended in HD 1, pass Second Reading and be referred to the Committee on Consumer Protection & Commerce.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2272, HD 1, entitled: "A BILL FOR AN ACT RELATING TO PROFESSIONS AND VOCATIONS," passed Second Reading and was referred to the Committee on Consumer Protection & Commerce, with Representatives M. Lee and Souki being excused.

Representative McKelvey, for the Committee on Economic Revitalization & Business presented a report (Stand. Com. Rep. No. 488-12) recommending that H.B. No. 2518, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2518, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative McKelvey, for the Committee on Economic Revitalization & Business presented a report (Stand. Com. Rep. No. 489-

12) recommending that H.B. No. 2712, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2712, entitled: "A BILL FOR AN ACT RELATING TO STATE EQUIPMENT," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Mizuno, for the Committee on Human Services presented a report (Stand. Com. Rep. No. 490-12) recommending that H.B. No. 2200, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2200, HD 1, entitled: "A BILL FOR AN ACT RELATING TO HUMAN SERVICES," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Mizuno, for the Committee on Human Services presented a report (Stand. Com. Rep. No. 491-12) recommending that H.B. No. 2534, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2534, HD 1, entitled: "A BILL FOR AN ACT RELATING TO DEATH BENEFITS," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Mizuno, for the Committee on Human Services presented a report (Stand. Com. Rep. No. 492-12) recommending that H.B. No. 1713, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 1713, HD 1, entitled: "A BILL FOR AN ACT RELATING TO MEDICAID," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Mizuno, for the Committee on Human Services presented a report (Stand. Com. Rep. No. 493-12) recommending that H.B. No. 1988, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

Representative Chong moved that the report of the Committee be adopted, and that H.B. No. 1988, HD 1, pass Second Reading and be referred to the Committee on Finance, seconded by Representative Evans.

Representative Belatti rose to speak in support of the measure, stating:

"Mr. Speaker, thank you. In strong support, and just a few brief comments. Over the past three years, an effort led by this Chamber including yourself, Mr. Speaker, has encouraged our neighbors, the working residents in the State of Hawaii, to apply for the federal Earned Income Tax Credit. I'd like to point out to the Members that the Office of Hawaiian Affairs who is supporting this bill notes that Hawaii workers, Hawaii residents, working families here fail to claim an estimated \$31 to \$41 million in the federal Earned Income Tax Credit annually. This measure I think, highlights the importance of the Earned Income Tax Credit at the federal level, and suggests possibly looking at a State earned income tax credit. But really I think the impulse behind this is very important. I am in strong support, Mr. Speaker. Thank you."

Representative Mizuno rose in support of the measure and asked that the remarks of Representative Belatti be entered into the Journal as his own, and the Chair "so ordered." (By reference only.)

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 1988, HD 1, entitled: "A BILL

FOR AN ACT RELATING TO THE FEDERAL EARNED INCOME TAX CREDIT," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Mizuno, for the Committee on Human Services presented a report (Stand. Com. Rep. No. 494-12) recommending that H.B. No. 2290, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2290, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CHILDREN AND YOUTH," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Mizuno, for the Committee on Human Services presented a report (Stand. Com. Rep. No. 495-12) recommending that H.B. No. 2533, as amended in HD 1, pass Second Reading and be referred to the Committee on Judiciary.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2533, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE DEFINITION OF AGGRAVATED CIRCUMSTANCES IN THE CHILD PROTECTIVE ACT," passed Second Reading and was referred to the Committee on Judiciary, with Representatives M. Lee and Souki being excused.

Representative Mizuno, for the Committee on Human Services presented a report (Stand. Com. Rep. No. 496-12) recommending that H.B. No. 2578, HD 1, be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2578, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE ADVISORY COUNCIL FOR COMMUNITY SERVICES," was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Mizuno, for the Committee on Human Services presented a report (Stand. Com. Rep. No. 497-12) recommending that H.B. No. 2676, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

Representative Chong moved that the report of the Committee be adopted, and that H.B. No. 2676, HD 1, pass Second Reading and be referred to the Committee on Finance, seconded by Representative Evans.

Representative Mizuno rose in support of the measure and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Mizuno's written remarks are as follows:

"I support HB 2676 as this measure is intended to provide many essential positions under the Department of Human Services which were eliminated during the reduction-in-force in 2008 through 2010. This measure is targeted at bringing back such positions needed to assist Hawaii's most needy with medical assistance, financial assistance, employment training, SNAP benefits, child protective services, those with drug addiction, homeless, and those suffering from a mental illness."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2676, HD 1, entitled: "A BILL FOR AN ACT RELATING TO HUMAN SERVICES," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Mizuno, for the Committee on Human Services presented a report (Stand. Com. Rep. No. 498-12) recommending that H.B. No. 239, as amended in HD 1, pass Second Reading and be referred to the Committee on Judiciary.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 239, HD 1, entitled: "A BILL FOR AN ACT RELATING TO ORDERS FOR PROTECTION," passed Second Reading and was referred to the Committee on Judiciary, with Representatives M. Lee and Souki being excused.

Representative Mizuno, for the Committee on Human Services presented a report (Stand. Com. Rep. No. 499-12) recommending that H.B. No. 2472, as amended in HD 1, pass Second Reading and be referred to the Committee on Judiciary.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2472, HD 1, entitled: "A BILL FOR AN ACT RELATING TO SEXUAL IMAGES PRODUCED BY MINORS," passed Second Reading and was referred to the Committee on Judiciary, with Representatives M. Lee and Souki being excused.

Representative Mizuno, for the Committee on Human Services presented a report (Stand. Com. Rep. No. 500-12) recommending that H.B. No. 2292, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2292, HD 1, entitled: "A BILL FOR AN ACT RELATING TO FOSTER YOUTH," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Mizuno, for the Committee on Human Services presented a report (Stand. Com. Rep. No. 501-12) recommending that H.B. No. 2415, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2415, HD 1, entitled: "A BILL FOR AN ACT RELATING TO MEDICAID," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Mizuno, for the Committee on Human Services presented a report (Stand. Com. Rep. No. 502-12) recommending that H.B. No. 2685, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2685, HD 1, entitled: "A BILL FOR AN ACT RELATING TO HUMAN SERVICES," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representatives Mizuno and Yamane, for the Committee on Human Services and the Committee on Health presented a report (Stand. Com. Rep. No. 503-12) recommending that H.B. No. 2050, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committees was adopted and H.B. No. 2050, HD 1, entitled: "A BILL FOR AN ACT RELATING TO HUMAN SERVICES," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representatives Mizuno and Yamane, for the Committee on Human Services and the Committee on Health presented a report (Stand. Com. Rep. No. 504-12) recommending that H.B. No. 2535, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committees was adopted and H.B. No. 2535, HD 1, entitled: "A BILL FOR AN ACT RELATING TO PSYCHOTROPIC MEDICATIONS IN MEDICAID," passed Second

Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representatives Mizuno and Yamane, for the Committee on Human Services and the Committee on Health presented a report (Stand. Com. Rep. No. 505-12) recommending that H.B. No. 2138, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

Representative Chong moved that the report of the Committees be adopted, and that H.B. No. 2138, HD 1, pass Second Reading and be referred to the Committee on Finance, seconded by Representative Evans.

Representative Ching rose in support of the measure and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Ching's written remarks are as follows:

"Thank you, Mr. Speaker. I stand in support of H.B. 2138-Relating to Medicaid, which establishes the Health Insurance Waste, Fraud, and Abuse Task Force to detect fraud and abuse before payments of illegitimate claims are made under the Medicaid managed care, Medicaid, and children's health insurance programs. It requires the task force to report to the 2013 Legislature.

"This measure will surely reign in wasteful and often fraudulent spending, as well as address ineffective "pay and chase" models that cost our State excessive amounts of money. Not only will this measure gain efficiency in relation to Medicaid, it will also yield accountability.

"Overall, the measure offers the following benefits:

- Cost savings and subsequent gained efficiency;
- Getting rid of waste; and
- Provide better accountability.

"Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committees was adopted and H.B. No. 2138, HD 1, entitled: "A BILL FOR AN ACT RELATING TO MEDICAID," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representatives Mizuno and Yamane, for the Committee on Human Services and the Committee on Health presented a report (Stand. Com. Rep. No. 506-12) recommending that H.B. No. 2131, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committees was adopted and H.B. No. 2131, HD 1, entitled: "A BILL FOR AN ACT RELATING TO COMMUNITY CARE FOSTER FAMILY HOMES," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representatives Mizuno and Yamane, for the Committee on Human Services and the Committee on Health presented a report (Stand. Com. Rep. No. 507-12) recommending that H.B. No. 2517, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committees was adopted and H.B. No. 2517, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE AGING AND DISABILITY RESOURCE CENTERS," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representatives Tsuji and McKelvey, for the Committee on Agriculture and the Committee on Economic Revitalization & Business presented a report (Stand. Com. Rep. No. 508-12) recommending that H.B. No. 2317, as amended in HD 1, pass Second Reading and be referred to the Committee on Water, Land, & Ocean Resources.

Representative Chong moved that the report of the Committees be adopted, and that H.B. No. 2317, HD 1, pass Second Reading and be referred to the Committee on Water, Land, & Ocean Resources, seconded by Representative Evans.

Representative Ching rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. Just in strong support. Thank you, Mr. Speaker. Agricultural tourism is very profitable and something that we can really look forward to in the coming years. Thank you."

Representative Kawakami rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. I rise with reservations. Mr. Speaker this measure is just and well intended as it allows the counties to exercise their home rule authority determining what's appropriate as far as use of agricultural land, and it is a great tool for our farmers, for bona fide farmers to allow themselves to subsidize their farming operation with another source of income.

"My only reservation is that on the Island of Kauai, they have taken the appropriate steps by enacting ordinances to stop the proliferation of vacation rentals on ag-lands, and it was because of the abuse that was happening. My only reservation is based on that, and other than that, the bill seems to be well intended. Thank you."

Representative Riviere rose to speak in support of the measure with reservations, stating:

"With reservations, please. As the Representative for the largest agricultural lands on this Island, and as an area that is overwhelmed by illegal vacation rentals, I see a terrible confluence of action here, where we have illegal vacation rentals taking over fake farms. So we have fake farms, and illegal vacation rentals all coming to a head on the North Shore. So with that, I want to express my reservation, and suggest that should this bill move forward and if it is very desirable for the Neighbor Islands, that maybe there be a limitation that it maybe applies to counties with less than 500,000 people."

The motion was put to vote by the Chair and carried, and the report of the Committees was adopted and H.B. No. 2317, HD 1, entitled: "A BILL FOR AN ACT RELATING TO AGRICULTURAL TOURISM," passed Second Reading and was referred to the Committee on Water, Land, & Ocean Resources, with Representatives M. Lee and Souki being excused.

Representative Tsuji, for the Committee on Agriculture presented a report (Stand. Com. Rep. No. 509-12) recommending that H.B. No. 2424, as amended in HD 1, pass Second Reading and be referred to the Committee on Water, Land, & Ocean Resources.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2424, HD 1, entitled: "A BILL FOR AN ACT RELATING TO AGRICULTURAL BUILDING PERMITS," passed Second Reading and was referred to the Committee on Water, Land, & Ocean Resources, with Representatives M. Lee and Souki being excused.

Representative Tsuji, for the Committee on Agriculture presented a report (Stand. Com. Rep. No. 510-12) recommending that H.B. No. 2832, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2832, HD 1, entitled: "A BILL FOR AN ACT RELATING TO DROUGHT MITIGATION," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Yamane, for the Committee on Health presented a report (Stand. Com. Rep. No. 511-12) recommending that H.B. No. 2345, as

amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2345, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST ST. FRANCIS HEALTHCARE SYSTEM OF HAWAII," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Keith-Agaran, for the Committee on Judiciary presented a report (Stand. Com. Rep. No. 512-12) recommending that H.B. No. 1680, HD 1, as amended in HD 2, be referred to the Committee on Finance.

Representative Chong moved that the report of the Committee be adopted, and that H.B. No. 1680, HD 2, be referred to the Committee on Finance, seconded by Representative Evans.

Representative Ching rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 1680, HD 2, entitled: "A BILL FOR AN ACT RELATING TO EMPLOYMENT PRACTICES," was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Keith-Agaran, for the Committee on Judiciary presented a report (Stand. Com. Rep. No. 513-12) recommending that H.B. No. 2447, as amended in HD 1, be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2447, HD 1, entitled: "A BILL FOR AN ACT RELATING TO FURNISHING THE DATE OF VITAL EVENTS TO GOVERNMENTAL AGENCIES WITHIN THE STATE OF HAWAII THAT REQUEST VERIFICATION," was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Keith-Agaran, for the Committee on Judiciary presented a report (Stand. Com. Rep. No. 514-12) recommending that H.B. No. 2569, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2569, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CIVIL UNIONS," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Herkes, for the Committee on Consumer Protection & Commerce presented a report (Stand. Com. Rep. No. 515-12) recommending that H.B. No. 1736, HD 1, as amended in HD 2, be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 1736, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII HEALTH INSURANCE EXCHANGE," was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Herkes, for the Committee on Consumer Protection & Commerce presented a report (Stand. Com. Rep. No. 516-12) recommending that H.B. No. 2409, be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2409, entitled: "A BILL FOR AN ACT RELATING TO CONSUMER PROTECTION," was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Herkes, for the Committee on Consumer Protection & Commerce presented a report (Stand. Com. Rep. No. 517-12) recommending that H.B. No. 2496, be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2496, entitled: "A BILL FOR AN ACT RELATING TO BUSINESS REGISTRATION," was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Herkes, for the Committee on Consumer Protection & Commerce presented a report (Stand. Com. Rep. No. 518-12) recommending that H.B. No. 2258, HD 1, be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2258, HD 1, entitled: "A BILL FOR AN ACT RELATING TO PROFESSIONAL AND VOCATIONAL LICENSING," was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Herkes, for the Committee on Consumer Protection & Commerce presented a report (Stand. Com. Rep. No. 519-12) recommending that H.B. No. 2257, HD 1, be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2257, HD 1, entitled: "A BILL FOR AN ACT RELATING TO PROFESSIONAL AND VOCATIONAL LICENSING," was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Rhoads, for the Committee on Labor & Public Employment presented a report (Stand. Com. Rep. No. 520-12) recommending that H.B. No. 1810, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 1810, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Rhoads, for the Committee on Labor & Public Employment presented a report (Stand. Com. Rep. No. 521-12) recommending that H.B. No. 1168, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 1168, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND," passed Second Reading and was referred to the Committee on Finance, with Representatives M. Lee and Souki being excused.

Representative Souki, for the Committee on Transportation presented a report (Stand. Com. Rep. No. 522-12) recommending that H.B. No. 2688, as amended in HD 1, pass Second Reading and be referred to the Committee on Judiciary.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2688, HD 1, entitled: "A BILL FOR AN ACT RELATING TO VEHICLES," passed Second Reading and was referred to the Committee on Judiciary, with Representatives M. Lee and Souki being excused.

Representative Coffman, for the Committee on Energy & Environmental Protection presented a report (Stand. Com. Rep. No. 523-12)

recommending that H.B. No. 2417, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

Representative Chong moved that the report of the Committee be adopted, and that H.B. No. 2417, HD 1, pass Second Reading and be referred to the Committee on Finance, seconded by Representative Evans.

Representative Thielen rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. I'm rising to speak against this bill, and I would like to explain why. Mr. Speaker, House Bill 2417 is going to limit the availability of the Hawaii Renewable Energy Technologies Income Tax Credit to one credit per property for both residential and commercial. The credit has helped a substantial number of families and businesses to afford the high upfront investment in solar. Without this credit, per system, families and businesses won't be able to afford photovoltaic.

"I'd really like to call this the 'photovoltaic for millionaires only' bill. Because, what it does is it places photovoltaic out of reach of the regular family in our islands. When we had a credit that was \$5,000 per system, then the photovoltaic systems became more reasonable, and homeowners could afford to buy them. They still would not recoup or be able to be on the plus side of their expenditure for maybe 6 or 7 years, and they would have to pay the full up-front amount for the photovoltaic system. That made it quite expensive. It's very much going to damage our solar, and industries in Hawaii. And it can set back our efforts to achieve the 70% clean energy by 2030.

"The Sierra Club, for example, testified on this bill that, as we all know, Hawaii depends on oil, imported oil, for nearly 90% of its energy needs. And of course this dependence results in the outflow of money out of the State. Not circulating within the State. It just leaves and goes to foreign countries to pay to bring in that polluting oil. Also, the Solar Energy Industries Association submitted testimony at the hearing and they stated that the tax credits pertaining to each system have created hundreds, if not thousands of jobs for Hawaii's workers. Now these are from electricians, panel installers, sales, marketing professionals, to engineers and accountants. If House Bill 2417 is passed, those jobs are going to be lost, and our solar and photovoltaic industry is going to just plummet and disappear.

"The change envisioned by HB No. 2417 is way too abrupt, and it's going to disrupt the market to a significant degree. According to the State of Hawaii Energy Resource Coordinator's Annual Report by the Department of Business, Economic Development and Tourism, it states, 'By 2010, 4,336 renewable energy systems were installed statewide with a total capacity of 28.7 megawatts.'

"Now go back to 2005, before we had this credit. Only 30 renewable energy systems with a total capacity of 166 kilowatts were installed in 2005. But you fast forward with the credit, to 2010. We have 2,188 systems installed statewide with a capacity of 12.3 megawatts, and that's in 2010 alone.

"What has happened for Hawaii is that we have been ranked second in the nation in installed photovoltaic capacity by 2010 by the Interstate Renewable Energy Council. The tax credits are a very key amount, a very key factor to these photovoltaic systems where you're going to find your homeowner is not going to make that stretch and probably borrow the money to be able to pay for the photovoltaic system if there's only a single tax credit for that tax map key.

"Up till now the companies have worked with the Department of Taxation, and the Department of Taxation said if you need one, two or possibly three systems for that house to achieve your objective of providing the energy for that home, that dwelling, then you get a tax credit per system."

Representative Ward rose to yield his time, and the Chair "so ordered."

Representative Thielen continued, stating:

"The Department of Taxation and the industry, the photovoltaic industry have been working together on this. No one's pulling a scam. Or if there's one or two scammers, we don't overreact by killing the entire industry.

"Mr. Speaker, in addition to calling this bill, 'photovoltaic for millionaires only,' I'd like to call it the 'Hawaiian Electric windfall bill,' and I really believe what this is doing is stopping our average homeowners from putting in photovoltaic systems. And Hawaiian Electric will cheer all the way to the bank, because it then forces those homeowners to pay the unseemly high utility bills that they now have to pay, because those homeowners won't be able to put in photovoltaic systems.

"We know Hawaiian Electric doesn't like photovoltaic systems and the homeowner being able to go virtually off grid and have an \$18 a month bill. So I don't see why we should pander to Hawaiian Electric, and its desire to have profits for its shareholders. And I don't see why we should hurt the average homeowner and leave photovoltaic as an elitist technology available for millionaires. I firmly, firmly, firmly oppose this bill. Thank you."

Representative Takai rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. I rise in support of this measure. I'd like to first commend the Chair of the Environmental Protection Committee because actually what this bill does is, it levels the playing field. In fact, it gives the middle-income homeowner a chance to put in photovoltaic. The truth of the matter is currently, the way the tax credit is structured, it encourages only the rich people to get PV. It encourages those people who can afford to put a \$50 thousand system in because they'll maximize the tax credit at 35%, and get over 15-grand, or whatever it is. \$17,500.

"I talked with the Majority Leader last year because we struggled with this, because right now this tax credit is costing our State a lot of money. And the truth is, in order for the solar industry to prosper and to continue for many years, we're going to have to make this change.

"I'll speak personally about this, because I put PV in, for those of you who recall my speech last year, and I did it the way the tax system was structured. I put in a small system, a one-system system as it relates to the Tax Code in 2009. I spent about \$15 thousand and took a 35% tax credit. Then I put in another small system in 2010 the way the Tax Code recommends. And I put in my final PV system in 2011. That's what people are supposed to do.

"Now middle-income families are receiving quotes from PV companies saying that they have to spend \$50 or \$60 thousand. Most of my constituents look at that and say they can't afford it. What this bill will do is it'll downsize those types of estimates for middle-income families, and instead of looking at a \$60 thousand system which many people can't afford, they'll look at a \$15 thousand system and the cost to the State as far as the tax credit is concerned, is \$5 thousand.

"So I think the Representative from Kailua needs to look at it from that perspective, because if we can't make this change, we're going to lose this tax credit. It's costing us too much. What we need to do is we need to encourage these companies out there to downsize their systems so that it's fair and it focuses on the middle-income families. That's how we're going to do it.

"So I agree with her that we need to make PV affordable, and the best way to do it right now is on-bill financing as the Minority Leader has said numerous times. That's the best way to do it. If we can't do that, the very least we can do is to encourage the middle-income families to consider this tax credit and to encourage the industry to refocus their efforts on the middle-income families and not focus their efforts on the millionaires. Thank you, Mr. Speaker."

Representative Thielen rose to respond, stating:

"Yes, thank you. Mr. Speaker, just in response. What the former speaker did is what is now going to be prevented. He put in one system one year, and got the tax credit. Put in the second system the next year and got the tax credit. Put in the third system the next year and got the tax credit, per

system. And from now on, we're not going to allow other homeowners to be able to do the same thing. Unfortunately, photovoltaic is expensive. The people that want to put it in have to borrow a significant amount to pay for this system upfront.

"When we limit them to a single \$5,000 tax credit per tax map key as this bill does, we're saying to your average homeowner, 'Forget it.' And then there's no point in putting in a single system of photovoltaic because you don't get the impact or the effect in trying to reduce your utility bills. It just isn't a technologically sound way to use photovoltaic for a residence.

"So I don't think we should sit and say, 'Some of us got in, in time, and we got the tax credit, but we're not going to let anyone else have it.' And to heck with the solar industry, Mr. Speaker. Because this industry, I don't think, is going to be able to survive. That means more well-paid people without jobs. We don't need to do this. We were beginning to become a national leader in something that was good, for a change. And now this just cuts the rug out from under it."

Representative C. Lee rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. I'm just going to be voting with reservations. I recognize both the comments from the speakers from Kailua and Pearl City. I do have some concerns myself, and I look forward to seeing that bill in the Finance Committee. Thank you."

Representative Belatti rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Wooley rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Ching rose in support of the measure with reservations and asked that the remarks of Representative Thielen be entered into the Journal as her own, and the Chair "so ordered." (By reference only.)

Representative Pine rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Hanohano rose to speak in support of the measure with reservations, stating:

"Ho'omalū 'ōlelo, ke kū nei au ke kako'o me ke kanalua."

Representative Hanohano provided the following translation:

Mr. Speaker, I rise with reservations.

Representative Coffman rose to speak in support of the measure, stating:

"Yes, Mr. Speaker. In strong support. Just a few brief comments. First of all, the genesis for this bill came from the industry itself. They came to us and said that there's a lot of abuse out there. We've had many meetings with them and many talks. I've got a lot of notes here in detail. I'm just going to give you a couple quick highlights.

"The photovoltaic industry has seen a 70% reduction in PV panel costs over the last 3 years. The cost for a small residential site, they are giving about \$6 per watt. What's happened on the commercial side is that a PV system costs around \$4 per watt. The bill needs to recognize the differences in those areas and really make adjustments so we can control the subsidization.

"Again, we're going to work with the solar industry. In meetings they tell us they understand the problem and in no way are we going to hurt the industry. Thank you, Mr. Speaker."

Representative Ward rose to speak in support of the measure with reservations, stating:

"With reservations. I'm going to be very brief because this is what this whole Floor is about. This is the marketplace of ideas. This is where debate is really, really healthy.

"I think like many people, we're conflicted. We want to incentivize getting off of fossil fuel by getting people on solar and PV. But you look at the record, even with these incentives for solar for the last 30 years, we basically have 25% with water heaters. If you look at the renewable energy, we've got 2% of our energy coming out, even though we're the second in the country, we get 2% of our energy off of PV.

"So the Representative of Kailua is correct. If we disincentivize, and granted, it was people with a few bucks who did this. But take away that layer, I don't think people are patient or smart enough to do something over a 3-year period.

"So Mr. Speaker, I think there's a halfway house, there's a meeting place somewhere between wiping it out, and then disincentivizing it. And let's face it. It's not going to cost us cheap to do what we need to do. Israel, who has 90% solar energy on every roof for heat, gave a lot of incentives. So those who think we're going to just zero it out and we're still going to have the solar energy and get off of solar energy, I think they're fooling themselves. Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2417, HD 1, entitled: "A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY," passed Second Reading and was referred to the Committee on Finance, with Representative Thielen voting no, and with Representatives M. Lee and Souki being excused.

Representative Keith-Agaran, for the Committee on Judiciary presented a report (Stand. Com. Rep. No. 524-12) recommending that H.B. No. 2455, as amended in HD 1, pass Second Reading and be placed on the calendar for Third Reading.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 2455, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE STATE CODE OF ETHICS," passed Second Reading and was placed on the calendar for Third Reading, with Representatives M. Lee and Souki being excused.

SUSPENSION OF RULES

On motion by Representative Evans, seconded by Representative Pine and carried, the rules were suspended for the purpose of considering a certain House Bill for Third Reading by consent calendar. (Representatives M. Lee and Souki were excused.)

THIRD READING

H.B. No. 2436, HD 1:

On motion by Representative Chong, seconded by Representative Evans and carried, H.B. No. 2436, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE INFORMATION PRIVACY AND SECURITY COUNCIL," passed Third Reading by a vote of 48 ayes, with Representatives M. Lee and Souki being excused.

At 12:55 o'clock p.m., the Chair noted that the following bill passed Third Reading:

H.B. No. 2436, HD 1

INTRODUCTION OF RESOLUTIONS

By unanimous consent, the following resolution (H.R. No. 30) and concurrent resolution (H.C.R. No. 49) were referred to Printing and further action was deferred:

H.R. No. 30, entitled: "HOUSE RESOLUTION URGING THE UNITED STATES CONGRESS TO PASS AND SEND TO THE STATES A CONSTITUTIONAL AMENDMENT TO REVERSE CITIZEN UNITED VS. FEDERAL ELECTION COMMISSION," was jointly offered by Representatives Belatti, Brower, Hanohano, Keith-Agaran, Luke, Morikawa, Nakashima, Rhoads, Takai, Takumi, Wooley and Yamane.

H.C.R. No. 49, entitled: "HOUSE CONCURRENT RESOLUTION URGING THE UNITED STATES CONGRESS TO PASS AND SEND TO THE STATES A CONSTITUTIONAL AMENDMENT TO REVERSE CITIZEN UNITED VS. FEDERAL ELECTION COMMISSION," was jointly offered by Representatives Belatti, Brower, Hanohano, Keith-Agaran, Luke, Morikawa, Nakashima, Rhoads, Takai, Takumi, Wooley and Yamane.

LATE INTRODUCTIONS

The following late introduction was made to the Members of the House:

Representative Nishimoto introduced his cousin, Mr. Ian Kobayashi.

ANNOUNCEMENTS

Representative Riviere: "If I may, at the appropriate time, I would like to request a moment of silence. Yesterday, there was a tragedy on the North Shore, by Waimea Bay. You may have heard about it.

"There's a very, very unfortunate shooting, and I know the people that were involved in that. I know the people that were affected by that. The families are coming in from the mainland, and there are now two children that are orphans. The whole thing is just awful, and if we could take a moment, that would be great, to think about these folks."

At this time, the Members of the House of Representatives stood for a moment of silence for the victims of yesterdays shooting tragedy on the North Shore of Oahu.

COMMITTEE REASSIGNMENTS

The following measures were re-referred to committee by the Speaker:

<u>H.B. Nos.</u>	<u>Re-referred to:</u>
2613	Committee on Transportation, then to the Committee on Finance
2806, HD1	Committee on Hawaiian Affairs, then to the Committee on Finance
2874	Committee on Finance

ADJOURNMENT

At 12:57 o'clock p.m., on motion by Representative Evans, seconded by Representative Pine and carried, the House of Representatives adjourned until 12:00 o'clock noon tomorrow, Friday, February 17, 2012. (Representatives M. Lee and Souki were excused.)