

Honolulu, Hawaii

FEB 12 2008

RE: S.B. No. 2583
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Economic Development and Taxation, to which was referred S.B. No. 2583 entitled:

"A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE HAWAII CAPITAL CULTURAL DISTRICT,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Appropriate funds to renovate the Kamamalu Building; and
- (2) At the conclusion of the renovation of the Kamamalu Building, require that the state agencies located in the No. 1 Capitol District Building shall be transferred to the Kamamalu Building, and the No. 1 Capitol District Building shall then be renamed the Hawaii State Art Museum and used exclusively for the purposes and needs of the Museum.

Testimony in support of this measure was received from the Hawaii Building and Construction Trades Council, AFL-CIO; Hawai'i Craftsmen; The ARTS at Marks Garage; Hawaii Loa Records; Louis Pohl Gallery; a Commissioner on the State Foundation on Culture and the Arts; and nineteen individual artists, teachers, and community members. The Department of Accounting and General Services and the Department of Budget and Finance testified in opposition. The State Foundation on Culture and the Arts submitted comments.



Your Committee finds that while this measure has widespread support, implementation is problematic. The Comptroller has stated that current estimates to renovate the Kamamalu Building exceed \$30,000,000, and that the State is reviewing its options, including other uses and possible land exchanges. In addition, the No. 1 Capitol District Building was acquired by the State using tax exempt funding, and commercial use of the building must be limited to protect the tax exemption.

Your Committee supports the concept of this measure, but believes it will require further detailed information and specific recommendations before the proposal could be implemented.

Your Committee has amended this measure accordingly, by deleting its contents, and:

- (1) Establishing the Hawai'i Capital Cultural District Task Force to review the current operations of the Hawaii State Art Museum and its long range plans for operations and growth, with respect to the Museum's location in the No. 1 Capitol District Building located in the Hawai'i Capital Cultural District, and requiring a report to the 2009 Legislature with the task force to cease operations June 30, 2009; and
- (2) Appropriating an unspecified amount for the work of the Task Force, to be expended by the State Foundation on Culture and the Arts.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2583, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2583, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Taxation,



CAROL FUKUNAGA, Chair



