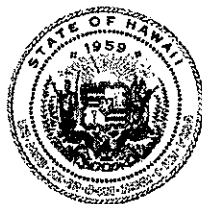


NEIL ABERCROMBIE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
WILLIAM J. AILA, JR.
Chairperson**

**Before the House Committee on
HAWAIIAN AFFAIRS**

**Wednesday, March 16, 2011
8:30 AM
State Capitol, Conference Room 329**

**In consideration of
SENATE BILL 333, SENATE DRAFT 3
RELATING TO HISTORIC PRESERVATION**

Senate Bill 333, Senate Draft 3 proposes to deposit one per cent (1%) of all state capitol improvement funds into the Hawaii Historic Preservation Special Fund (Fund) specifically for the operations of the Department of Land and Natural Resources' (Department) State Historic Preservation Division and the routine maintenance of Iolani Palace, Washington Place, and the Bishop Museum. The Department supports this measure to restore and preserve of important heritage assets.

WILLIAM J. AILA, JR.
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

GUY H. KAULUKUKUI
FIRST DEPUTY

WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

NEIL ABERCROMBIE
GOVERNOR



BRUCE A. COPPA
Comptroller

RYAN OKAHARA
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P.O. BOX 119
HONOLULU, HAWAII 96810-0119

TESTIMONY
OF
BRUCE A. COPPA, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
HAWAIIAN AFFAIRS
ON
March 16, 2011
S.B. 333, S.D. 3

RELATING TO HISTORIC PRESERVATION

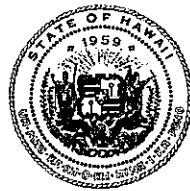
Chair Hanohano and members of the Committee, thank you for the opportunity to testify on S.B. 333, S.D. 3.

The Department of Accounting and General Services (DAGS) supports S.B. 333, S.D. 3.

DAGS agrees that supporting the restoration and preservation of heritage assets such as Bernice Pauahi Bishop Museum, Iolani Palace, and Washington Place is of great importance. DAGS stands ready to support state-designated heritage assets to carry out the intent of this bill.

DAGS welcomes the opportunity to work with the Legislature, Department of Land and Natural Resources, Department of Budget and Finance, and the Attorney General to make sure that any possible concerns regarding the language in this bill are addressed.

Thank you for the opportunity to testify on this matter.



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

IN REPLY REFER TO:

March 16, 2011

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

SENATE BILL NO. 333, S.D. 3

COMMITTEE(s) ON HAWAIIAN AFFAIRS AND ON THE CULTURE AND
ARTS

The Department of Transportation (DOT) opposes this bill.

This bill would be in violation of the Federal Aviation Administration's regulation that airport revenue be used for the benefit of airport facilities and its users; otherwise other uses are considered a "revenue diversion."

A "revenue diversion," is a violation of the Federal Aviation Administration's regulations and jeopardizes the Airports Division's ability to participate in the Federal Aviation Administration's Airport Improvement Program that provides millions of dollars in grant funds for capital improvement projects.

Federal law prohibits the use of airport revenue for expenses unrelated to the capital and operating costs of the airport, the airport system, or facilities devoted to air transportation. Additionally, the DOT-Airports Division has executed grant agreements to construct airport facilities with federal funds. All grant agreements mandate that airport revenue be expended only for capital or operating costs of the airport that are directly and substantially related to the actual air transportation of passengers or property.

Furthermore, the 1% mandate contribution significantly impairs the Department's ability to carry out any of our capital improvement programs, repair and maintenance of our transportation facilities, and may further affect our bond ratings. We would need to re-evaluate our priorities, eliminate projects, and consider further increasing user fees to finance the capital program.

Although the DOT appreciates Hawaii historic preservation, we feel that mandating one percent of all state fund appropriations for the construction of our capital improvement program only impairs our ability to maintain our mission of providing safe, secure, and economical movement of people, good, and services by efficiently providing and operating transportation facilities.

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEES ON HAWAIIAN AFFAIRS AND
ON CULTURE & THE ARTS
ON
SENATE BILL NO. 333, S.D. 3

MARCH 16, 2011

RELATING TO HISTORIC PRESERVATION

Senate Bill No. 333, S.D. 3, requires one per cent (1%) of all state funded appropriations designated for the construction and renovation of state buildings to be deposited into the Hawaii historic preservation special fund; adds the costs related to site modifications, display, and interpretive work necessary to enhance the visitor experience for the Bernice Pauahi Bishop Museum, Iolani Palace, and Washington Place to the uses of the fund; and requires reports to the Governor and legislature.

The Department has a technical comment on this bill.

Federal tax regulations allow the use of tax-exempt bond proceeds to finance capital expenditures and prohibit the use of tax-exempt proceeds to fund operating expenses, except under limited circumstances. The 1% of all state funded appropriations for capital improvement projects to be transferred into the Hawaii historic preservation special fund is problematic as Chapter 6E, HRS, allows the monies in the Hawaii historic preservation special fund to be expended for administrative and operational expenses. As the State generally issues tax-exempt general obligation bonds to fund capital improvement projects, the use of these tax-exempt proceeds for operating expenses is prohibited. In order to assure compliance with the federal

requirements, the Department recommends that the one percent (1%) be deposited into a newly created special fund to be used solely for capital improvement projects to enhance the visitor experience for the Bernice Pauahi Bishop Museum, Iolani Palace, and Washington Place.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-SIXTH LEGISLATURE, 2011**

ON THE FOLLOWING MEASURE:

S.B. NO. 333, S.D. 3, RELATING TO HISTORIC PRESERVATION.

BEFORE THE:

HOUSE COMMITTEES ON HAWAIIAN AFFAIRS AND ON CULTURE AND THE ARTS

DATE: Wednesday, March 16, 2011 **TIME:** 8:30 a.m.

LOCATION: State Capitol, Room 329

TESTIFIER(S): WRITTEN COMMENTS ONLY. For more information, call
Randall S. Nishiyama, Deputy Attorney General, 586-
1267

Chairs Hanohano and Wooley and Members of the Committee:

The Department of the Attorney General provides two comments regarding S.B. No. 333, S.D. 3, Relating to Historic Preservation.

This bill requires one percent of all state-funded appropriations designated for the construction and renovation of state buildings to be deposited into the Hawaii Historic Preservation Special Fund. In addition, this bill allows moneys from the Hawaii Historic Preservation Special Fund to be used for repairs and maintenance, site modifications, display, and interpretive work necessary to enhance the visitor experience for the Bernice Pauahi Bishop Museum, Iolani Palace, and Washington Place.

First, under the Internal Revenue Code, federally tax-exempt bonds may be used to finance capital projects, but should not be used to finance operating expenses, except under limited circumstances. Violations of this provision may subject the State to adverse tax consequences such as the loss of the federal tax-exemption on the bonds. Generally, the State's capital improvement projects are funded using tax-exempt bonds.

The oneper cent amount to be transferred into the Hawaii Historic Preservation Special Fund would consist of tax-exempt bond proceeds. This bill provides that moneys from the Hawaii Historic Preservation Special Fund can be expended on capital and operating costs for the Bernice Pauahi Bishop Museum, Iolani Palace, and Washington Place. The expenditure of moneys for operating costs such as repairs and maintenance, display, and interpretive work necessary to enhance the visitor experience at such locations, appears to violate the Internal Revenue Code.

We suggest that, rather than depositing the one percent amount into the Hawaii Historic Preservation Special Fund, the subject moneys should be deposited into a newly created special fund to be used solely for capital improvement projects for the Bernice Pauahi Bishop Museum, Iolani Palace, and Washington Place.

This bill is not like the Works of Art Special Fund, section 103-8.5, Hawaii Revised Statutes, which is also funded by a one percent transfer of capital improvement project moneys. The Works of Art Special Fund only permits, in addition to the acquisition costs of works of art, costs relating to site modifications, display, and interpretive work necessary for the exhibition of such works of art. In this context, we consider the costs relating to the site modifications, display, and interpretive work necessary for the exhibition of works of art to be incidental.

In the case of the Hawaii Historic Preservation Special Fund, however, the repair and maintenance costs, and the costs relating to the site modifications, display, and interpretive work necessary to enhance the visitor experience for the Bernice Pauahi Bishop Museum, Iolani Palace, and Washington Place, appear to be significant, and constitute a material expenditure

of the subject moneys. This appears to violate the provisions of the Internal Revenue Code.

Second, this bill does not allocate the moneys transferred into the Hawaii Historic Preservation Special Fund between the Bernice Pauahi Bishop Museum, Iolani Palace, and Washington Place.

Section 2 of the bill, which amends the Hawaii Historic Preservation Special Fund, section 6E-16, Hawaii Revised Statutes, provides in pertinent part on page 5, lines 20-22 and page 6, lines 1-2:

"(d) The comptroller and the Bernice Pauahi Bishop Museum, Friends of Iolani Palace, and Washington Place shall decide on the specific site modifications, display, interpretive work, and preventive maintenance and repair projects to be undertaken at the respective facilities."

We suggest that the bill be amended to specify the allocation of moneys between the Bernice Pauahi Bishop Museum, Iolani Palace, and Washington Place, unless the intent of the bill is to give full discretion to the Comptroller to allocate the moneys which, in some cases, could result in a zero dollar allocation to one or more of the three entities.

ASSOCIATION OF HAWAIIAN CIVIC CLUBS
TESTIMONY OF PRESIDENT SOULEE STROUD

SB333, SD3
RELATING TO HISTORIC PRESERVATION

Before the
COMMITTEES ON HAWAIIAN AFFAIRS &
CULTURE AND THE ARTS
Wednesday, March 16, 2011; 8:30am; Room 329

Aloha Madame Chair Hanohano of the Committee on Hawaiian Affairs and Madame Chair Wooley of the Committee on Culture and the Arts. I am Soulee Stroud, president of the Association of Hawaiian Civic Clubs and I wish to support SB333, SD3 with the addition of an amendment.

The Association of Hawaiian Civic clubs, as well as other several other Hawaiian organizations, have regularly held ceremonies at Mauna Ala honoring our past ali`i for many years. About fourteen years ago, when the late Namahana Maioho was Curator, the Hawaiian Civic Clubs formed "Friends of Mauna Ala" and have scheduled monthly cleaning and maintenance for the Chapel and Crypt ever since.

The present Curator of Mauna Ala, William Maioho, provides educational tours to school children and groups, telling the history and stories of the ali`i interred there. People come away with renewed respect and admiration for Hawaii's royal history after hearing his talk. He knows to call the civic clubs when there is an emergency or a special problem of some kind and we will be there to help.

It was very disappointing to see that SB333 did not specifically include Mauna Ala as receiving a share of the 1% of all state fund appropriations destined for the Hawaii historic preservation special fund.

Mauna Ala is also known as the Royal Mausoleum, and shelters the iwi of our past ali`i and to many of us is a sacred place worthy of the finest care and maintenance possible. The respect we have for our ali`i does not allow us to think of Mauna Ala as simply a commercial factor in the economy of Hawaii, as Section 1 of the bill suggests of the other "heritage assets." We do agree, however, that it is a valuable cultural resource.

Senate Bill 333 correctly points out there are special elements of Hawaii's past deserving of pride and that serve as reminders of our heritage. We would submit that there is no other mausoleum in the United States that is a repository for royal remains of an internationally recognized indigenous nation, and that Mauna Ala is most eminently qualified as a proud reminder of Hawaii's heritage.

Please consider amending this bill to include Mauna Ala in all passages that identify the Bernice Pauahi Bishop Museum, Iolani Palace and Washington Place as recipients of the special fund. Mauna Ala deserves a more respectful identity than to be simply lumped in with "...other state-designated heritage assets" and we ask the legislature and the administration of the State of Hawaii to recognize this truth.

Thank you for the opportunity to testify.

Contact: Jalna Keala, Govt. Rel. chair; jalna.keala2@hawaiiantel.net

clee2 - Matt

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 13, 2011 3:28 PM
To: HAWtestimony
Cc: swartzg001@hawaii.rr.com
Subject: Testimony for SB333 on 3/16/2011 8:30:00 AM

Testimony for HAW 3/16/2011 8:30:00 AM SB333

Conference room: 329
Testifier position: oppose
Testifier will be present: No
Submitted by: gregory swartz
Organization: Individual
Address:
Phone:
E-mail: swartzg001@hawaii.rr.com
Submitted on: 3/13/2011

Comments:

More and more, we have bills trying to set aside a specific percentage of money for this purpose or that such as arts in public buildings, land preservation, and now historic preservation. These set asides give priority to certain social programs over all others, which I believe is dubious. Moreover, it costs taxpayers money and ties the hands of our elected representatives in dealing with serious budget issues.

Even though I am a serious history and architectural buff, I think budget control is more important.



IOLANI PALACE

PH (808) 522-0822 FAX (808) 532-1051

TESTIMONY OF KIPPEN DE ALBA CHU

COMMITTEE ON HAWAIIAN AFFAIRS
Representative Faye P. Hanohano, Chair
Representative Chris Lee, Vice Chair

Wednesday, March 16, 2011
8:30 am

SB 333 SD3

Chair Hanohano, Vice Chair Lee, and members of the Committee, thank you for the opportunity to testify **in strong support** of this measure.

The expansion of the existing historic preservation special fund to include restoration and preservation of Bishop Museum, Iolani Palace, and Washington Place recognizes our indigenous history. Hawaii's uniquely complex artistic and cultural legacy from the time of the monarchy is enshrined in these three historic sites. While not exclusive to these places, this legacy represents the adoption of Western visual forms to serve as emblems of an independent nation on equal status with colonial powers of that time. This 19th century trend, which occurred throughout the world, witnessed the creation of national museums, monuments, palaces, and stately residences that represented a formal, public expression of the character of a nation to its own citizens as well as to foreigners seeking political influence.

The State's support of Hawaii's artistic and cultural heritage, and especially our indigenous culture, is in everyone's best interest if we call the "Aloha State" our home.

Thank you.

Testimony to the House Committee on Hawaiian Affairs and
House Committee on Culture & the Arts
Hearing Date: Wednesday, March 16, 2011
8:30 a.m. – Conference Room 329

SB333, SD3: Relating to Historic Preservation

Thank you for this opportunity to testify in support of SB333, SD3 Relating to Historic Preservation, which requires one per cent of all state fund appropriations designated for the construction and renovation of state buildings to be deposited into the Hawaii historic preservation special fund; adds the costs related to site modifications, display, and interpretive work necessary to enhance the visitor experience for the Bernice Pauahi Bishop Museum, Iolani Palace, and Washington Place to the uses of the fund; and requires reports to the governor and legislature.

Bishop Museum strongly supports SB333, SD3. Enactment of SB333, SD3 will allow Bishop Museum to make Hawai'i a better, more competitive destination, consistent with the strategic initiatives adopted by the Hawai'i Tourism Authority.

As the preamble to SB333, SD3 observes, a largely untapped advantage Hawai'i possesses in economic competition within the Pacific Basin is its own unique historic heritage. Ultimately, this bill is an investment in Hawai'i's economy and its future by preserving its past while instilling pride in residents and educating visitors in the present. Mary Kawena Pukui, Bishop Museum's sage of Hawaiian culture, taught, "*A'ohe pau ka 'ike i ka hālau ho'okahi – Not all knowledge is learned in school alone.*" As one of Hawai'i's premier institutions of art, culture and heritage, Bishop Museum exemplifies this adage. The edification afforded to visitors by Bishop Museum extends beyond the four corners of a classroom, reaching into the very past of Hawai'i and the Pacific. The funding allocated by SB333, SD3 will help perpetuate Bishop Museum's vital role in educating visitors about Hawai'i's unique and rich cultural makeup and storied past, while providing a sense of place, identity, and unity for residents.

Currently, the efficacy with which Bishop Museum fulfills its charge as the State of Hawai'i's Museum of Natural and Cultural History is under siege by the economic challenges of our times. The anticipated eradication of federal earmarks by Congress has severely compounded an already grave situation. This bill will not only provide the resources necessary for Bishop Museum to fulfill its charge; it will also provide work for Hawai'i's industries. In 2010, the Hawai'i State Legislature allocated to the Museum funds for a slate of capital improvement measures. Upon release by the prior Administration in the latter half of 2010, those funds were immediately put to use by Bishop Museum to improve its aging infrastructure, providing work for a number of local contractors and ancillary professionals.

SB333, SD3 exemplifies the State of Hawai'i's recognition of the fact that its history and culture becomes an even greater asset as its economic presence in the Pacific Basin

continues to expand. The Bishop Museum, along with 'Iolani Palace and Washington Place are entrusted with caring for that asset for the benefit of all of Hawai'i. Bishop Museum believes the proposed amendments on page 5, lines 15 through 19 (the comptroller and institutions deciding on what projects to pursue at their respective facilities) reflect *kokua* among the institutions, of working alongside each other, collaborating and supporting each other to achieve each institution's shared goals of preserving and portraying Hawai'i's storied past and rich culture.

This bill benefits Hawai'i's economy in the short-term by providing jobs. It benefits Hawai'i's economy in the long term by making Hawai'i a better, more competitive destination for business, relaxation, and especially cultural enrichment. And it benefits Hawai'i overall by reinforcing cultural connections and preserving elements of the past that are a source of pride and identity for our people.

Bishop Museum was founded in 1889 by Charles Reed Bishop in honor of his late wife, Princess Bernice Pauahi Bishop, the last descendent of the royal Kamehameha family. Bishop Museum is designated the State Museum of Cultural and Natural History and is a non-profit corporation with the mission to study, preserve and tell the stories of the cultures and natural history of Hawai'i and the Pacific.