

**finance8-Danyl**

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**From:** mailinglist@capitol.hawaii.gov  
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**SB3125**

Submitted on: 3/27/2014

Testimony for FIN on Mar 28, 2014 15:00PM in Conference Room 308

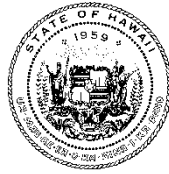
<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Estelle Enoki	SFCA	Support	No

Comments:

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NEIL ABERCROMBIE  
GOVERNOR



Dean H. Seki  
Comptroller

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

WRITTEN TESTIMONY  
OF  
DEAN H. SEKI, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
HOUSE COMMITTEE  
ON  
FINANCE  
ON  
March 28, 2014

S.B. 3125, S.D. 2, H.D. 1

RELATING TO THE STATE FOUNDATION ON CULTURE AND THE ARTS

Chair Luke and members of the Committee, thank you for the opportunity to submit written testimony on S.B. 3125, S.D. 2, H.D. 1.

The Department of Accounting and General Services supports S.B. 3125, S.D. 2, H.D. 1, which mandates a financial and management audit of the State Foundation on Culture and the Arts.

Thank you for the opportunity to submit written testimony on this matter.

NEIL ABERCROMBIE  
GOVERNOR



Testimony of  
GLENN M. OKIMOTO  
DIRECTOR

Deputy Directors  
FORD N. FUCHIGAMI  
RANDY GRUNE  
AUDREY HIDANO  
JADINE URASAKI

# LATE TESTIMONY

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

IN REPLY REFER TO:

March 28, 2014  
3:00 p.m.  
State Capitol, Room 308

## S.B. 3125 SD2, HD1 RELATING TO THE STATE FOUNDATION ON CULTURE AND THE ARTS

House Committee on Finance

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The Department of Transportation **supports** the intent of this measure and offers for consideration the following comments.

The amount of funds tendered to the works of art special fund are specified by HRS103-8.5 which states in part: "(a) There is created a works of art special fund, into which shall be transferred one per cent of all state fund appropriations for capital improvements designated for the construction cost element; provided that this transfer shall apply only to capital improvement appropriations that are designated for the construction or renovation of state buildings. *The one per cent transfer requirement shall not apply to appropriations from the passenger facility charge special fund established by section 261-5.5 and the rental motor vehicle customer facility charge special fund established under section 261-5.6.*" (Emphasis added)

The limitations on the contributions are due to the observance of Federal Aviation Administration grant assurances, which specifically preclude revenue from certain sources to be used for expenditures on art work. Other limitations include amounts spent on certain types of projects, and certain portions of projects.

Another concern of the DOT is the principle of diversion of revenues, or the use of revenues for purposes that are not related to the basic operation of airports, which also threaten FAA funding. Contributions to the works of art fund, which provides for the placement of art in public places, including other than the airports, could be construed as a diversion of revenue if it cannot be demonstrated that the value of the art received is commensurate with the contributions made.

We suggest the following amendment to this bill:

SECTION 1. The auditor shall conduct a financial and management audit of the state foundation on culture and the arts that shall include but not be limited to determining:

(12) The specific amounts of money:

- (A) Spent by the department of transportation on capital improvement construction for the enhancement of airport facilities;
- (B) Being deposited into the works of art special fund as required by law;
- (C) From the works of art special fund being used solely to purchase works of art for these airport facilities; and
- (D) The value of the art and services delivered to the airports.

We appreciate the opportunity to offer this testimony.