

DAVID Y. IGE
GOVERNOR



RODERICK K. BECKER
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON ENERGY, ECONOMIC DEVELOPMENT,
AND TOURISM AND HAWAIIAN AFFAIRS
ON
SENATE BILL NO. 1007

**February 4, 2019
2:55 p.m.
Room 414**

RELATING TO HAWAIIAN MUSIC AND DANCE

Senate Bill No. 1007 redirects \$1,000,000 in Transient Accommodations Tax (TAT) revenues currently allocated to operate a Hawaiian Center and the Museum of Hawaiian Music and Dance at the Hawaii Convention Center to the State of Hawaii Museum of Natural and Cultural History (Bishop Museum) to plan, design and construct such a facility on their property.

While the department takes no position on the construction of the facility, we would like to point out that redirecting TAT allocations for a capital improvement program (CIP) project may be a problematic way to fund a construction project. The Legislature has routinely appropriated General Obligation (G.O.) Bond funds to the Bishop Museum for various construction projects (improvements, repairs, energy efficiency, etc.) through CIP G.O. Bond appropriations in the Executive Budget, which is the appropriate way to fund construction projects.

Act 398, SLH 1988, amended Chapter 6E, HRS, to add a new Section 6E-40, HRS, that officially designated the Bernice Pauahi Bishop Museum as the State of Hawaii Museum of Natural and Cultural History. Act 398 also committed general revenues for an annual operating subsidy to the museum in recognition of this designation. Bishop Museum is currently appropriated an annual operating subsidy of \$626,000 from the State.

Thank you for your consideration of our comments.



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaiiauthority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
and
SENATE COMMITTEE ON HAWAIIAN AFFAIRS

Monday, February 4, 2019
2:55 p.m.
State Capitol, Conference Room #414

In consideration of
SENATE BILL NO 1007
RELATING TO HAWAIIAN MUSIC AND DANCE.

Chair Wakai, Vice Chair Taniguchi, Chair Shimabukuro, Vice Chair Kahele, and members of the Committee on Energy, Economic Development, and Tourism and the Committee on Hawaiian Affairs, the Hawai'i Tourism Authority (HTA) **strongly supports** Senate Bill 1007, which redirects funding to plan, design, and construct the Hawaiian Center and Museum of Hawaiian Music and Dance (Hawaiian Center) at the State of Hawai'i Museum of Natural and Cultural History.

HTA recognizes the importance of strengthening Hawai'i's brand by making authentic experiences accessible to visitors and residents. By eliminating the location requirement in the existing law, HTA will be able to work with stakeholders to find a location for the Hawaiian Center that will be optimal for residents and visitors to enjoy. We appreciate this opportunity to provide testimony.



February 4, 2019

Senator Glenn Wakai, Chair
Senator Brian T. Taniguchi, Vice Chair
Committee on Energy, Economic Development, and Tourism

Senator Maile S.L. Shimabukuro, Chair
Senator Kaiali'i Kahele, Vice Chair
Committee on Hawaiian Affairs

Conference Room 414
Hawai'i State Capitol Honolulu, HI 96813

RE: Testimony in strong **SUPPORT** of **SB1007**, Relating to Hawaiian Music and Dance

Chair Wakai, Vice Chair Taniguchi, and Committee Members:

My name is Melanie Ide and I am the President and CEO of the Bishop Museum, Hawai'i's State Museum of Natural and Cultural History. I strongly support SB1007, which would reallocate funds currently designated to support the operation of a Center for Hawaiian Music and Dance to the Bishop Museum—the State Museum—toward the planning, design, and construction of the facility here on the Museum's property. Celebrating and perpetuating Hawaiian language and culture through an active program of music and dance is a key initiative for the Museum, and we are uniquely positioned to bring this vision to life on our campus.

A primary source of knowledge and inspiration, the Museum's cultural collections contain unique and irreplaceable materials relating to mele and hula, and its Library and Archives, one of three main Pacific libraries in the world, is an unparalleled resource of Hawaiian and Pacific rare source materials on Hawaiian music and dance. Our Mele collection includes recordings, manuscripts, and mele books, including mele compilations from King David Kalākaua, Queen Lili'uokalani, and Princess Ka'iulani. These resources currently provide important links to traditional cultural knowledge for trained hula practitioners, layman researchers, and academic scholars, and are foundational to the stories that can be told in the new Center.

Bishop Museum has more than a century of experience in sharing the stories of Hawai'i and the Pacific through exhibits and programs, and our future plans already include the development of a space for active daily programming around living culture, with an emphasis on hula and mele. We would be tremendously honored to have the opportunity to partner with the State and others in the community

to continue to perpetuate the Hawaiian language, music, and dance with our visitors and keiki. Thank you for your consideration and for the opportunity to provide testimony in support of this important bill.

Me ka ha'a ha'a,

A handwritten signature in black ink, appearing to read 'Melanie Y. Ide', written in a cursive style.

Melanie Y. Ide
President & CEO

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS, Modify earmark for Hawaiian Center

BILL NUMBER: SB 1007

INTRODUCED BY: WAKAI, S. CHANG, ENGLISH, KEITH-AGARAN, Nishihara

EXECUTIVE SUMMARY: Modifies the earmark on transient accommodations tax revenue that now allocates \$1 million a year for the operation of a Hawaiian center and museum of Hawaiian music and dance at the convention center. The amendment would redirect the money to the State of Hawaii Museum of Natural and Cultural History to plan, design, and construct such a facility on their property. A better policy would be to remove the earmark entirely and to fund the programs out of generally appropriated revenue. That would restore transparency and legislative oversight.

SYNOPSIS: SYNOPSIS: Amends HRS section 237D-6.5, which contains the earmarks on the transient accommodations tax revenue. Currently, \$79 million per year is allocated to the tourism special fund. Of that \$79 million, \$1 million is now allocated for the operation of a Hawaiian center and the museum of Hawaiian music and dance at the Hawaii convention center. The amendment is to redirect the \$1 million for the plan, design, and construction of a Hawaiian center and the museum of Hawaiian music and dance at the State of Hawaii museum of natural and cultural history.

EFFECTIVE DATE: July 1, 2019.

STAFF COMMENTS: As with any earmarking of revenues, the legislature will be preapproving each of the initiatives fed by the tax earmark, so expenses from the funds largely avoid legislative scrutiny, and the effectiveness of the programs funded becomes harder to ascertain. It is also difficult to determine whether too little or too much revenue has been diverted from other priorities in the state budget.

If the legislature deems the programs and purposes funded by this special fund to be a high priority, then it should maintain the accountability for these funds by appropriating the funds as it does with other programs. Earmarking revenues merely absolves elected officials from setting priorities. If the money were appropriated, lawmakers would have to evaluate the real or actual needs of each program.

Digested 1/31/2019