

DAVID Y. IGE  
GOVERNOR OF  
HAWAII



SUZANNE D. CASE  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA  
FIRST DEPUTY

M. KALEO MANUEL  
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

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**Testimony of  
SUZANNE D. CASE  
Chairperson**

**Before the Senate Committees on  
ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM  
and  
LABOR, CULTURE AND THE ARTS**

**Friday, February 12, 2021  
3:10 PM  
State Capitol, Conference Room 224**

**In consideration of  
SENATE BILL 1023  
RELATING TO TAXATION**

Senate Bill 1023 proposes to require a certain percentage of the Transient Accommodations Tax (TAT) to be allocated to providing funding for the Bishop Museum and 'Iolani Palace. **The Department of Land and Natural Resources (Department) supports funding cost elements for Iolani Palace State Monument and offers the following comments.**

The Department executed a 25-year general lease with the Friends of 'Iolani Palace (Friends) to manage and operate 'Iolani Palace, 'Iolani Palace Barracks (Hale Koa) and the Coronation Pavilion. The Division of State Parks (State Parks) regulates and manages the various public special use activities and events of the adjacent four quadrants that comprise the grounds surrounding the buildings, and authorizes events that are managed by the Friends that are a primary source of operating revenue. State Parks also administers and executes capital improvement projects for the buildings and appurtenant structures. The Department of Accounting and General Services (DAGS) performs all the grounds and tree maintenance functions and manages the parking areas surrounding the Palace and oversee the Archives Building.

The Friends has funded its operations entirely from earned revenues, donations, and grants (both private and government) for such items as salaries & benefits, repair and maintenance, and regular expenses of the Palace such as electricity, HVAC maintenance, water for chillers and a security camera contract. During the pandemic, with the Palace being closed and now visitation

by appointment, the earned revenue from visitors and events has almost expired and the Friends have been losing about \$100,000 a month to maintain basic services.

The Department recognizes, that as the only royal palace in the United States, and due to its intrinsic value as a significant historic building, as an iconic symbol for Hawaiian culture, and with a poignant role representing the Hawaiian monarchy, that a stable baseline funding source is greatly warranted. The tourism industry has depicted the Palace as an enticing backdrop for marketing and is a popular tourism venue as well, so the nexus to applying a portion of TAT for the management is sound. This percentage allocation of the TAT would provide the Friends with a consistent funding source to upkeep the precious and valuable antiquities of Hawai'i's history and the extraordinary building that contains them. This measure is very encouraging and the Department deeply appreciates the interest to add value and more importantly, sustain one of the most iconic features in the State of Hawai'i.

Thank you for the opportunity to comment on this measure.

**SB-1023**

Submitted on: 2/11/2021 12:36:21 PM

Testimony for EET on 2/12/2021 3:10:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Alan Carpenter	Testifying for DLNR	Support	No

Comments:

I would like to testify on SB 1023. Please allow me Zoom access. Thank you.



February 12, 2021

Senator Glenn Wakai, Chair  
Senator Bennette E. Misalucha, Vice Chair  
Committee on Energy, Economic Development, and Tourism

Senator Brian T. Taniguchi, Chair  
Senator Les Ihara, Jr., Vice Chair  
Committee on Labor, Culture and the Arts

Conference Room 224  
Hawai'i State Capitol Honolulu, HI 96813

RE: Testimony in **SUPPORT** of **SB 1023**, Relating to Taxation

Chair Wakai, Vice Chair Misalucha, Chair Taniguchi, Vice Chair Ihara, 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 and the official repository of the Hawai'i Biological Survey, which documents every plant and animal in the State.

The Museum stewards more than 25 million catalogued objects, and through its work actively supports tourism, economic development and generates knowledge associated with its collections. Its work supports over 50 state and federal government agencies, departments, and affiliated organizations; and without whom many basic questions could not be answered concerning Hawaii's people, plants, and animals, and decisions about natural and cultural resources could not be made with efficiency and confidence. The collections include over 1.2 million cultural artifacts, representing Native Hawaiian, Pacific Island, and Hawai'i immigrant life; more than 125,000 historical publications, including many in the Hawaiian language; 1 million historical photographs, films, works of art, and publications; and over 22 million plant and animal specimens.

Museum researchers have discovered over 17,000 species of plants, animals, and insects throughout the Pacific region, and have made countless discoveries related to the migration, settlement, and daily life of Pacific peoples. The Museum's educational programs provide science and cultural education opportunities to thousands of Hawai'i's schoolchildren each year, and it is estimated that the Museum has hosted more than 10 million visitors over its history.

Passage of this bill enables our committed staff to continue its operations and programs, which protect and share Hawai'i's irreplaceable collections and primary source knowledge— a global resource essential for the perpetuation of our natural and cultural heritage. 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

**SB-1023**

Submitted on: 2/10/2021 12:23:28 PM

Testimony for EET on 2/12/2021 3:10:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kaiwi Yoon	Testifying for Bishop Museum	Support	No

Comments:

Mahalo for your continued support and aloha for our Museum. We have been here since 1889, studying the Pacific and collecting over 25 million objects. Visitors are seeking meaningful cultural experiences and Hawaii's core cultural and natural science knowledge base is at Bishop Museum. Instant access to information via the internet has created sophisticated, savvy, and informed individuals around the world. The Bishop Museum continues to be authentic, original, and very Hawaii. Passage of this bill will better ensure that our visitors can engage in being a part of Hawaii's past, present, and future.

me ke aloha,

Kaiwi Yoon

VP of Operations, Planning and Program Management

Bishop Museum



# IOLANI PALACE

*Post Office Box 2259 Honolulu, HI 96804-2259 Telephone (808) 522-0822 FAX (808) 532-1051*

**Testimony of  
PAULA AKANA  
Executive Director**

**Before the Senate Committees on  
Energy, Economic Development and Tourism (EET)  
&  
Labor, Culture and the Arts (LCA)**

**Friday, February 12, 2021  
3:10 PM  
State Capitol, Conference Room 224**

**In Consideration of  
SENATE BILL 1023  
RELATING TO IOLANI PALACE**

Chairs Wakai, Taniguchi, Vice Chairs Misalucha, Ihara and Committee Members:

Aloha, my name is Paula Akana. I am the Executive Director of The Friends of Iolani Palace.

We maintain, preserve and operate not only Iolani Palace, but also the Barracks, the Historic Kanaina (Old Archives) Building and the Coronation Pavilion. The entire site is a State Monument.

I fully support SB 1023, which would allocate funds from the TAT Transient Accommodations Tax to Iolani Palace.

Iolani Palace is one of the top visitor attractions in Hawaii. It is also the cultural piko for Native Hawaiians and the people of Hawaii. The Palace tells the poignant story of a proud, sovereign Hawaiian nation that held political relationships and treaties with countries around the world – an independent country that was overthrown in an 1893 coup. It was also the home to the Republic, Territorial and Statehood lawmakers before today's State Capital was built.

Our funding comes solely from ticket and gift shop sales, memberships and donations.

The Friends of Iolani Palace, like many other non-profits, has been devastated by this Pandemic. When COVID-19 hit, we closed twice for a total of four months. Due to government restrictions, our revenue now is only about 15% of what we saw pre-COVID-19. We have cut our personnel in half, slashed salaries and reduced other expenditures to an only as needed basis.

More than 40% of our payroll goes to Security to guard the Palace and the gates. We spend an average of \$27,000 a month to maintain the Palace. That includes electricity, maintenance for the HVAC system that runs 24/7 and for our security equipment.

Our monthly expenditures average \$120,000. While we have been able to exist up to now solely on the good will of members and donors, our non-profit still faces a monthly deficit of between \$60,000 and \$100,000. We estimate today to have funds to only take us through summer.

This bill would give us the much needed funding to maintain the precious cultural objects inside Iolani Palace as well as to protect the largest and most important cultural object, Iolani Palace itself.

Mahalo nui loa,

Paula Akana



DATE; 2/10/2021

**SUBJECT: Senate Bills SB1023**

Aloha All

I am Mark Kalahela, the Facilities Chairperson for the Friends of Iolani Palace. I understand that service on this Board of Directors is a privilege and understand that with that privilege comes the kuleana to do what is needed.

I have owned & operated a mechanical contracting company since 1984. I see first hand situations of the effects of differed maintenance on facilities on a daily basis. While we have done what we could within the budget we had to work with, it is clear that we need help.

I Mark R. Kalahela I fully support SB1023 that would give Iolani Palace a percentage of the TAT, or Transient Accommodations Tax. Iolani Palace is a National historic landmark. It was the home to Hawaii's last reigning alii, and later the offices for the Republic, Territorial and State governments.

Iolani Palace will always be the symbol of Hawaiian Sovereignty, of our Alii and a strong symbol of Hawaii's past, it's present and it's future.

Please help us continue to share "our" story.

MAHALO

MARK R. KALAEHELE  
PRESIDENT  
ALOHA STATE SERVICES, LTD.  
FACILITIES CHAIRPERSON  
THE FRIENDS OF IOLANI PALACE

# HISTORIC HAWAII FOUNDATION

**TO:** Senator Glenn Wakai, Chair  
Senator Bennette E. Misalucha, Vice Chair  
Committee on Energy, Economic Development and Tourism (EET)

Senator Brian T. Taniguchi, Chair  
Senator Les Ihara, Jr., Vice Chair  
Committee on Labor, Culture and the Arts (LCA)

**FROM:** Kiersten Faulkner, Executive Director  
Historic Hawai'i Foundation

**Committee:** Friday, February 12, 2021  
3:10 p.m.  
Via Video Conference/Conference Room 224

**RE: SB 1023, Relating to Taxation**

On behalf of Historic Hawaii Foundation (HHF), I am writing in **support for SB 1023**. The bill would allocate a percentage of the transient accommodations tax to provide funding for the Bishop Museum and Iolani Palace.

The natural, historic, and cultural resources of Hawai'i are a great legacy and irreplaceable treasures. HHF strongly supports measures that lead to investments in preserving and enhancing these resources, especially historic places that help keep Hawaii's stories alive for the education and inspiration of present and future generations.

The bill would provide a source of funding for preservation, rehabilitation and restoration projects at two of the most significant historic buildings in the state. Bishop Museum and Iolani Palace have been recognized for their historic, cultural and design significance through formal historic designations, including recognition as State Monuments, National Historic Landmarks, and listing on the Hawai'i State or National Register of Historic Places.

Thank you for the opportunity to comment.

# Hawai'i Arts Alliance



*Affiliated with the  
Wolf Trap Institute for Early  
Childhood Arts Integration*

*State Captain –  
Americans for the Arts*

*Member of State Arts  
Advocacy Network*

February 11, 2021

Re: Support SB1023 Relating to Taxation

Aloha,  
Sen. Taniguchi, Chair of Labor, Culture and Arts,  
Sen. Ihara, VC of Labor, Culture and Arts,  
Sen. Wakai, Chair of Energy, Economic Development and Tourism,  
Sen. Misalucha, VC of Energy, Economic Development and Tourism, and  
Members of LCA and EET Committees:

On behalf of the Hawaii Arts alliance, I write in SUPPORT of SB1023, especially SECTION 3, 1-2 on page 5 that references Section 237D—6.5 of the Hawaii Revised Statutes. We support excess revenues to be deposited into the general fund that will be allocated for Iolani Palace and Bishop Museum, a.k.a., Hawaii State Museum of Natural and Cultural History.

Both Iolani Palace and Bernice Pauahi Bishop Museum (Hawaii State Museum of Natural and Cultural History) are on the National Historic Register. The State of Hawai'i is morally obligated to support both historic and cultural institutions for our future generations.

I am concerned that the percentage level of support has not been clearly defined. I hope that it will not be less than 1% of the total excess revenues deposited into the general fund, especially given the levels of support articulated for Turtle Bay, the Hawaii Convention Center and Tourism.

Mahalo for the opportunity to submit testimony in support of SB1023,

A handwritten signature in black ink that reads "Teri Skillman". The signature is fluid and cursive.

Teri Skillman  
Executive Director

P.O. Box 3948  
Honolulu, Hawai'i  
96812-3948  
Phone: (808) 533-2787  
Fax: (808) 526-9040  
arts@hawaiiartsalliance.org  
www.hawaiiartsalliance.org



Testimony of the  
OAHU ECONOMIC DEVELOPMENT BOARD (OEDB)  
**In Support of SB 1023**  
**Relating to Taxation**

COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM  
Senator Glenn Wakai, Chair  
Senator Bennette E. Misalucha, Vice Chair

COMMITTEE ON LABOR, CULTURE AND THE ARTS  
Senator Brian T. Taniguchi, Chair  
Senator Les Ihara, Jr., Vice Chair

Friday, February 12, 2021  
3:10 p.m.  
Conference Room 224  
State Capitol  
415 South Beretania Street

Aloha,

Iolani Palace is a State Asset (Owned building) that is cared for by the Friends of Iolani Palace. As a State Asset we appreciate that the State Legislature is looking at options to support the much needed maintenance and care to continue to have the Palace be a resource now and into the future.

The significant financial resources to care for the Palace in the past several decades have come primarily from Ticket and Gift shop sales, private contributions and fundraising efforts of the Friends of Iolani Palace, as well as project based grants.

As all businesses the pandemic has revealed how vulnerable Iolani Palace is thru the dependency on tourism and at the same time how so many in Hawaii have a love for the Palace. Truly a wahipana.

As a wahipana for our residents and a significant destination for our visitors it does make absolute sense that a percentage of the Transit Accommodations Tax be dedicated to the maintenance and well-being of the palace and I strongly support SB1023.

Mahalo,

Pono Shim  
CEO, Oahu Economic Development Board  
Chairman, Friends of Iolani Palace



# TAX FOUNDATION OF HAWAII

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126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

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SUBJECT: TRANSIENT ACCOMMODATIONS, Earmarks to fund Bishop Museum and Iolani Palace

BILL NUMBER: SB 1023

INTRODUCED BY: KIM, FEVELLA, Keith-Agaran, Misalucha, Shimabukuro, Taniguchi, Wakai

EXECUTIVE SUMMARY: Requires a certain percentage of the transient accommodations tax to be allocated to provide funding for the Bishop Museum and Iolani Palace.

SYNOPSIS: Amends section 237D-6.5, HRS, to add two new earmarks on to the transient accommodations tax. \_\_\_% of tax collections is allocated to provide funding for Iolani Palace, and \_\_\_% is allocated to provide funding for Bishop Museum.

Makes technical and conforming changes.

EFFECTIVE DATE: 7/1/2021.

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 and compare them against other pressing issues of the day such as crumbling education infrastructure, economic devastation wrought by COVID-19, and the continual danger of invasive species.

Digested 2/8/2021

**SB-1023**

Submitted on: 2/10/2021 1:56:38 PM

Testimony for EET on 2/12/2021 3:10:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Richard Kennedy	Individual	Support	No

Comments:

I, Dr. Richard Kennedy, fully support SB 1023 that would provide Iolani Palace a percentage of the Transit Accomodation Tax (TAT). The Palace is a National Historic Landmark and the home of of last reigning ali'i as well as the offices of the Republic, Territorial and State governments. But, as a retired Center director at the Smithsonian Institution, I particularly recognize that the Palace is so much more than just a museum of this period of Hawaiian history. For all the people of the state it is a living embodiment and heart of this special place of ours.

As a board member of the non-profit Friends of Iolani Palace, I know how difficult it has been to manage and maintain the Palace on ticket and gift shop revenue and donations. This has been doubly difficult in these days of COVID-19. Funding from the TAT would be critical to keeping the doors open to the people of Hawai'i and the world. Mahalo for your close consideration of this bill.

**SB-1023**

Submitted on: 2/9/2021 10:59:44 AM

Testimony for EET on 2/12/2021 3:10:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
cheryl B.	Individual	Support	No

Comments:

Support and would also support some of the taxation or greater taxation going to education.

Anyone asking why the billionaire folks from all countries aren't contributing more to sustaining all parts of life on our islands? Bishop and lolani are two different thoughts. Both need assistance, but they are quite different. In addition, like the Zoo, just because they take in revenue doesn't mean they can sustain themselves. So we need to help.

**SB-1023**

Submitted on: 2/9/2021 1:55:01 PM

Testimony for EET on 2/12/2021 3:10:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Deborah Ward	Individual	Support	No

Comments:

I strongly support funding Bishop Museum and Iolani Palace. They are cultural treasures, and Bishop Museum houses the largest collection of natural and cultural specimens in the Pacific. Without funds to curate, we could lose these resources forever. I don't know if the TAT is the best format, but I support finding a way.



**SB-1023**

Submitted on: 2/10/2021 10:00:22 PM

Testimony for EET on 2/12/2021 3:10:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kekoa Kaluhiwa	Individual	Support	No

Comments:

Aloha Distinguished Senators. My name is Kekoa Kaluhiwa and I am writing in STRONG SUPPORT of SB1023 which would allocate a percentage of the Transient Accommodations Tax for 'Iolani Palace. The Palace is a National Historic Landmark and was the home to Hawaii's last reigning Ali'i, and later the offices for the Republic, Territorial and State governments.

The Friends of 'Iolani Palace is the non-profit organization that manages and maintains this iconic building and its cherished contents. They exist on ticket and gift shop sales and donations. Due to the effects of COVID on these revenue sources, this is not enough. Funding from the TAT will help The Friends of 'Iolani Palace in their efforts to preserve and protect this historic landmark for the enjoyment and education of Hawaii's residents and visitors for years to come. Mahalo for your consideration of my testimony in strong support of this measure.

**SB-1023**

Submitted on: 2/11/2021 11:58:30 AM

Testimony for EET on 2/12/2021 3:10:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Brian Kealoha	Individual	Support	No

Comments:

I fully support SB1023 that would give Iolani Palace a percentage of the TAT, or Transient Accommodations Tax. Iolani Palace is a National historic landmark. It was the home to Hawaii's last reigning alii, and later the offices for the Republic, Territorial and State governments.

The Friends of Iolani Palace is the non-profit organization that manages and maintains this iconic building and its contents. They exist on ticket and gift shop sales and donations. Due to the effects of COVID on Hawaii, this is not enough. The funding from the TAT will help The Friends of Iolani Palace immensely in their efforts to preserve and protect the Palace.

**LATE**

**SB-1023**

Submitted on: 2/11/2021 5:02:07 PM

Testimony for EET on 2/12/2021 3:10:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Mark T. Shklov	Testifying for The Friends of Iolani Palace	Support	No

Comments:

Testimony of Mark T. Shklov in Support of Senate Bill 1023

My name is Mark T. Shklov. I am a Hawaii Lawyer and a Member of The Board of Directors of the Friends of Iolani Palace, which is the non-profit corporation whose Purpose is “to preserve, restore, interpret, share and celebrate the unique cultural, historical, and spiritual qualities of Iolani Palace and its grounds for the benefit of and to serve Native Hawaiians, the People of Hawaii, and the World”.

I support Senate Bill 1023.

Senate Bill 1023 would give Iolani Palace a percentage of the Transient Accommodations Tax (“TAT”) .

Iolani Palace has been designated The State of Hawaii Museum of Monarchy History. It is a National Historic Landmark and the only royal residence in the United States. In short, I believe that Iolani Palace is the symbol of Hawaii’s welcoming culture.

If Iolani Palace is properly preserved, restored, and protected, it can provide inspiration to Hawaii’s people, especially Hawaii’s youth, now and into the future. Iolani Palace is a unique asset that will continue contributing to the people of Hawaii and the world if it is appreciated and cared for.

The Friends of Iolani Palace manages and maintains this iconic building and its contents. The Friends of Iolani Palace depend on money raised from ticket and gift shop sales, donations, and events to pay for its operations and the repair and maintenance of this very special place. Due to the effects of COVID-19 on Hawaii, this is not enough. The funding from the TAT will help The Friends of Iolani Palace immensely in their efforts to preserve and protect the Palace.

The monetary assistance provided in Senate Bill 1023 will help to assure Iolani Palace’s beneficiaries, the people of Hawaii and the world, that it will be standing for future generations.

Mahalo,

Mark T. Shklov