

DAVID Y. IGE  
GOVERNOR OF  
HAWAII



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

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**Testimony of  
SUZANNE D. CASE  
Chairperson**

**Before the House Committee on  
FINANCE**

**Tuesday, February 23, 2021  
2:00 PM  
State Capitol, Conference Room 308**

**In consideration of  
HOUSE BILL 777, HOUSE DRAFT 1  
RELATING TO WORKS OF ART SPECIAL FUND**

House Bill 777, House Draft 1 proposes to allow the Works of Art Special Fund to be used for funding the State of Hawaii Museum of Natural and Cultural History and State of Hawaii Museum of Monarchy. **The Department of Land and Natural Resources (Department) offers the following comments.**

The Department appreciates the intent of the Legislature to support the State of Hawai'i Museum of Monarchy better known at 'Iolani Palace.

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 Department's 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 performs all the grounds and tree maintenance functions and manages the parking areas surrounding the Palace and oversee the Archives Building.

The Friends have 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, heating ventilation, and air conditioning

**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

(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 measure was amended to authorize the funding of the State of Hawai'i Museum of Monarchy as a permissible use of the Works of Art Special Fund. There are limitations to the use of funds due to the GO Bond restrictions.

The Department feels that State support of 'Iolani Palace is essential due to its significant value to the people of Hawaii.

The Bishop Museum has a line item that provides an annual allocation of state funds, and 'Iolani Palace should also receive the same funding support. A dedicated appropriation would help to offset basic operating costs such as minor repair and maintenance and fixed cost such as electricity, which is about \$10,000 per month. Another critical cost is HVAC maintenance and water for chillers. Regulating the temperature of the Palace is critical to protect the artifacts and antiquities within the Palace.

The Department also supports Senate Bill 1023 which would allocate \$750,000 in transient accommodations tax funding to 'Iolani Palace which could be used for basic operating costs.

Thank you for the opportunity to comment on this measure.

# TAX FOUNDATION OF HAWAII

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126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

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SUBJECT: MISCELLANEOUS, Authorize Works of Art Special Fund to be used for Bishop Museum and Iolani Palace

BILL NUMBER: HB 777, HD1

INTRODUCED BY: YAMASHITA

EXECUTIVE SUMMARY: Authorizes funds from the works of art special fund to be used for Bishop Museum and Iolani Palace. Sunsets 6/30/2022.

SYNOPSIS: Amends section 103-8.5, HRS, to add as permissible uses for the works of art special fund: “Funding for the State of Hawaii Museum of Natural and Cultural History and State of Hawaii Museum of Monarchy.”

EFFECTIVE DATE: 7/1/2065. Repeals on 6/30/2022.

STAFF COMMENTS: Section 103-8.5, HRS, establishes the works of art special fund. That section also provides that 1% of all appropriations for construction or renovation of state buildings are automatically transferred into this fund. This law, enacted in 1967, was the first statewide “Percent for Art Law” in the United States.

Ordinarily, we would be concerned about setting a precedent with this measure. The worry would be that all other nonprofits would be clamoring for a piece of this or any other special fund now on the books. Bishop Museum and Iolani Palace, however, have special designations that other nonprofits lack. Bishop Museum is designated the State of Hawaii Museum of Natural and Cultural History in section 6E-40, HRS, and Iolani Palace is designated the State of Hawaii Museum of Monarchy History in section 6E-35, HRS.

If this measure is to move forward, we recommend adding the word “History” after “Monarchy” in proposed section 103-8.5(b)(5), HRS, to track the official designation in section 6E-35, HRS.

Digested 2/20/2021

# 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 20, 2021

Rep. Luke, Chair, FIN  
Rep. Cullen, VC, FIN

Re: **OPPOSE** HB777 HD1 RELATING TO WORKS OF ART SPECIAL FUND

Dear Rep. Luke, Rep. Cullen, and members of the committee,

Thank you for the opportunity to submit testimony on HB777 HD1. The Hawaii Arts Alliance **strongly OPPOSES HB777** for several reasons.

The Hawaii Revised Statute, Title 9 - Public Property, Purchasing And Contracting, Chapter 103 - Expenditure Of Public Money And Public Contracts, §103-8.5 - Works of Art Special Fund was secured by Architect Alfred Preis and stands as part of his legacy to Hawai'i. Preis designed the Arizona Memorial, started the Hawai'i State Foundation on Culture and the Arts, and the Hawai'i Arts Alliance in addition to stewarding this Fund into law.

"Among Preis' lasting contributions as director [of State Foundation on Culture & the Arts] was helping to establish the Arts in Education program, the Governor's Conference on Culture and the Arts and the groundbreaking Art in State Buildings law, which to this day devotes 1 percent of every dollar spent on state construction costs for public art. Hawai'i was the first state in the nation to institute such a program, and others followed." (Hana Hou!, Issue 19:4, August/September 2016).

Alfred Preis established the public arts and the arts education programs for the people of Hawai'i through the Works of Art Special Funds 1% appropriation. Preis also started the HI Arts Alliance in 1980. The Hawai'i Arts Alliance is contracted by SFCA to implement arts education programs at the HI State Art Museum and in the schools. Arts in the DOE schools, especially Elementary School, has been cut for several decades and this will further adversely impact arts education programs for students. HI Arts Alliance presents the Preis Award annually to an artist(s) in Hawai'i who has made a significant contribution to the Arts (<https://www.hawaiiartsalliance.org/preis>).

This revised version of the HB777 HD1 abandons the original purpose of the Works of Art Special Fund which is intended to benefit the people of the State of Hawaii by ensuring that works of art are included in state buildings, newly constructed or renovated. It also supports the State's art collection, art education programs, and arts grants that the Creative Sector relies on. The HD1 version of the HB777 will siphon directly away funds to benefit Iolani Palace and Bishop Museum, something that the Works of Art Special was NOT established to do. This will take away arts funding for the entire state of Hawai'i for limited use by 2 institutions. This action effectively puts the Creative Community in a Catch 22 situation. We all agree that Iolani Palace and Bishop Museum must be supported as our cultural institutions but not at the expense of all other arts and culture organizations statewide. **Funding for Bishop Museum and Iolani Palace must come out of another funding source such as General Funds or CIP projects.**

We strongly oppose HB777 HD1 and are very worried that if cut, the arts and culture organizations and the Creative sector will not recover. At a time when the Creative Sector has been devastated by the pandemic, loss of these funds would lead to irreparable damage for Hawaii's Creative Economy.

Mahalo for the opportunity to submit testimony,

Teri Skillman  
Executive Director

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**HB-777-HD-1**

Submitted on: 2/21/2021 11:34:15 PM

Testimony for FIN on 2/23/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Gail Mukaihata Hannemann	Individual	Oppose	No

Comments:

Madame Chair and Committee Members

While I am an ardent supporter of both the Bishop Museum and Iolani Palace, I must oppose HB777 HD1 as it is currently written. The bill not only disregards the true intent of the 1% Works of Art Special Fund but it proposes to do so in a way that disingenuously funds the Bishop Museum and Iolani Palace. The Legislature should fund these two worthy institutions as it has done in past.

The wisdom of the Special Fund is how it uniquely preserves, protects and perpetuates public art by local artists so every community throughout the state can benefit and be enriched. Depleting the special funds takes away these opportunities.

If there is one thing this COVID-19 pandemic has taught us, as human beings we possess an innate desire to be connected to one another. This is what the arts does, this is what the special fund is intended to do - to connect those living in the here and now with those who have gone before us and will come after us. We ask the Legislature to take the long view and not alter the 1% Works of Arts Special Fund.

Mahalo for the opportunity to make known my view.

**HB-777-HD-1**

Submitted on: 2/22/2021 9:37:31 AM

Testimony for FIN on 2/23/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Eileen K Nanni	Individual	Oppose	No

Comments:

Dear House Members

I strongly oppose this bill which, if approved, will cut percent for art revenue appropriations from building revenues, amounting to 50% of revenue, thusly, eliminating art acquisitions and interpretive work including portions of the Artists in the Schools, Art Bento, and HiSAM public programming.

If passed, this would dangerously impose upon decline of economic growth in Hawaii, because, whether you can accept this or not, art and culture makes a a beautiful sense of place for all, locals and visitors alike. It plays a major role in stimulating the economy of our state, through visual and musical inspirations fostered through the arts!

The economic growth of Hawaii thrives through art and culture endeavors, which isa unique additive within tourism, a major player in Hawaii's economy. I urge you to oppose this bill.

Mahalo,

Eileen K Nanni,

**HB-777-HD-1**

Submitted on: 2/22/2021 8:24:01 AM

Testimony for FIN on 2/23/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Maki Morinoue	Individual	Oppose	No

Comments:

Aloha leaders that shape the People of Hawai'i Islands,

From the last Hearing I disagree that this Bill needs any amending to include Iolani Palace and Bishop. Bishop has grossly neglected their fiscal responsibility and placed a financial upheaval in our community with the \$4 million dollar selling of Amy Greenwell Gardens and special Heiau properties in South Kona that preserve our native and conoe plants, which some are on the indangered species list. Bishop and Iolani are supported under Culture and the Arts like everything one else they should not be give more special previlages than our public school, public arts and cultural landscape funds that impacts our children and educators directly.

My testimony are inspired by information gathered:

- Historical patterns of Dictatorship
- Early literacy and incarcerations studies - Harvard University, Stanford University, Columbia University, Berkeley University
- Rand Corporation's President of National Urban Alliance of Effective Education
- Tipping Point, by Malcom Gladwell, social studies on how people behave in numbers

Arts education has been slipping for more than three decades, the result of tight budgets, an ever-growing list of state mandates that have crammed the classroom curriculum, and a public sense that the arts are lovely but not essential.

This non factual and dysfunctional ideology *must* stop.

We must reflect and ask ourselves what type of society are we building for our future? We have adults that grossly lack critical thinking skills with incarceration and racism on the rise. Children who had no music and art classes in the 1970s and 1980s may not appreciate their value now. We have a whole generation of teachers, parents and POLITICIANS, Department of Education leaders who have not had the advantage of arts in their own education impacting and making decisions for ALL of our future with the idea that ART and CULTURE is NOT ESSENTIAL.

You care about money and money the Arts and Culture will bring and have brought in.

Here are reasons why we need to defend the Arts and Culture in the State of Hawai'i;

From years of research and historical evidence why society supports arts and culture. It is closely linked to almost everything that we as a nation say we want for our children and demand from our schools: academic achievement, social and emotional development, civic engagement, and equitable opportunity.

Arts & Culture: It's VALUE and IMPACT

- Preservation of Hawaiian History, Culture, Music, Art and craft gives us a sense of place
- Art teaches critical thinking skills
- Children's reading and math skill increase through Art experiences
- Studies points higher prison numbers for those that are unable to read by 3rd grade. Arts can help the brain make vital synapse connects.
- Creates and encourages an innovative economy
- Public Art & the Cultural landscape, establishes a sense of place and belonging. It creates a space for people to come together, connect, reflect & digest what type of choices to make
- Makes our Hawaiian Islands different and "special" so people want to visit. Kona looks like FLORIDA, visionless, culture-less and lacks local small business owners! We have large empty buildings by large corporations collecting their 'losses'. While through Broken Window Theory, creates a negative sense of place and increases crime for our people. KMart in Kona is a great example.
- Arts & Culture, boosts the local economy & tourist industries, people want to go out, stay out and spend money
- Arts & Culture brings HOPE to the people
- It makes people proud of their culture, who they are and where they come from.
- It makes people protect and take care of the place they live and naturally look out for one another
- Less children are incarcerated
- Less adults are incarcerated
- Crime goes down



- It brings children and adults a sense of wonder, curiosity and questions
- It brings Power of expression to the People

**HB-777-HD-1**

Submitted on: 2/22/2021 10:48:36 AM

Testimony for FIN on 2/23/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Adrienne Hale	Individual	Oppose	No

Comments:

I oppose Bill SB777. As a public school educator at Holualoa Elementary our school has built and maintained a strong partnership with Holualoa, Hawai'i's Donkey Mill Art Center. Reducing funding to Works of Art Special Fund would negatively impact community foundations like DMAC and their ability to sustain "Arts in Public Places" in our communities. DMAC has for decades fostered a sense of belonging, and cultural and community connections for the kama'aina and visitor alike. It is the arts that expresses who we are as people of these beautiful islands. King Kalakaua once said, "Hula is the language of the heart, therefore the heartbeat of the Hawaiian people." I believe this can be said of all forms of art for all people. It connects us. It expresses who we are. All of Hawai'i's people deserve the enrichment that the arts bring to our lives. Support the arts and our Hawai'i's communities by voting against Bill SB777.

**HB-777-HD-1**

Submitted on: 2/22/2021 10:52:07 AM

Testimony for FIN on 2/23/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Eva Lee	Individual	Oppose	No

Comments:

HB777 would cut percent for art revenues from building renovations which is over 50% of revenue, effectively eliminating art acquisitions and interpretive work including portions of the Artists in the Schools, Art Bento and HiSAM public programming. Please do not pass bill that cuts art revenues allocated for public art programs.

**HB-777-HD-1**

Submitted on: 2/22/2021 11:19:01 AM

Testimony for FIN on 2/23/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Linda Ando	Individual	Oppose	No

Comments:

My name is Linda Ando and I am writing to oppose HB777. As an educator and community arts organizer, it is critical for the well-being of our communities to retain the funding for community arts, programs and HiSAM public programming. Community arts is more relevant today as children and families struggle with COVID, online schools and the need for arts as a way to connect, express and use creative intelligence in a healing and empowering way. Please do not cut the community arts funding - OPPOSE HB7777!!!

Thank you,

Linda Ando

**Testimony to the House Committee on Finance**  
**Tuesday, February 23, 2021 at 2:00 p.m.**  
**Room 308 via videoconference**

**H.B. 777 H.D.1, Relating to Works of Art Special Fund**

Aloha, Chair Luke and members of the Finance Committee, I am Sherman Warner, and I am grateful for the opportunity to offer testimony **OPPOSED to H.B. 777 H.D. 1.** and on behalf of Hawai'i Islands artists and arts organizations.

I am a resident of Waimea, on the Island of Hawai'i, and I am President of the Board of Directors of the Kahilu Theatre, a venue not only for the performing arts but also the home of Kahilu's galleries for the visual arts (<https://kahilutheatre.org/Exhibits>).

Redirecting funds generated by Hawai'i's first-in-the-nation percent-for-art legislation in order to support 'Oahu-based institutions will negatively impact arts institutions and artists on Hawai'i Island.

Kahilu Theatre and our island's other principal exhibition spaces—Donkey Mill Art Center, Volcano Art Center, East Hawaii Cultural Center, Wailoa Center, and the gallery at UH-Hilo—are the primary homes for the visual arts on an island that is cut off from the arts infrastructure and institutions of 'Oahu. These exhibition spaces connect our residents with Hawaii's visual artists, offer educational enrichment to students who receive minimal arts education in our public schools, support and enhance the visibility of local artists, and expose visitors to our rich visual arts culture.

The Art in Public Places Program supports these organizations and the artists they exhibit. When works of arts are selected for purchase by SFCA, it's important to understand that there are also intangible benefits to the Art in Public Places Program. The prestige that comes with the SFCA's recognition of the quality of our exhibit programs is a catalyst that draws more and higher quality submissions to our exhibits as well as attracting submissions from artists across the state who are more likely to absorb the cost of shipping their submissions to a gallery in Waimea, a small, rural community.

Life on the Island of Hawai'i is enriched by the 300+ works of art from SFCA's relocatable works of art collection that are exhibited in State buildings across our island. Curating, restoring , shipping, installing, and rotating these relocatable works of art on the neighbor islands involves significantly higher costs than providing those same services at State buildings on 'Oahu, such as the State Capitol where 500+ relocatable works of art are displayed across the street from the Hawai'i State Art Museum. Diverting funding from the Works of Art Special Fund to other institutions can significantly reduce SFCA's ability to maintain its current presence on our island.

Finally, there are more than forty-five commissioned, permanent works of art that enrich Hawai'i Island's State offices, courthouses, airports and schools. It would be an incalculable loss

to reduce spending on inspirational and motivational works of art that the Art in Public Places Program installs at schools that lack arts education and may be located more than fifty miles from the nearest venue for the visual arts.

In Kona, our open-air, jetway-free airport is enhanced by world-class art that celebrates our culture and enhances the experience of locals and tourists alike. Sculptures by Sean Browne and Lark Dimond Cates, whose “Hula Kahiko” sculpture may be the most photographed work of art in Hawai‘i, turn the airport experience that people normally dread into a visit to a small but memorable art museum. The addition of Hawai‘i Island artist Calley O’Neill’s currently in-progress, enormous mural that will celebrate West Hawai‘i’s present-day Hawaiian cultural leaders (see: <https://www.youtube.com/watch?v=luydJ1xP6sw>) could turn the Kona Airport into an arts destination even for non-travelers if only seeing the art didn’t require passing through TSA checkpoints.

Please do not make changes that will reduce funding for the Art in Public Places Program as it currently exists and detract from that program’s vital and cherished impact on our neighbor island lives. It is the lifeblood and beating heart of the visual arts on Hawai‘i Island.

Mahalo for the opportunity to offer my opinion.



February 22, 2021

Rep. Sylvia Luke, Chair  
House Committee on Finance  
Hawai'i State Legislature

**Re: Testimony in Opposition to HB777 HD1**

Dear Representative Luke and Committee Members,

I do NOT support HB777 HD1 as it would severely impact the ability of the Hawai'i State Foundation on Culture and the Arts (SFCA) to continue its many programs that benefit communities across Hawai'i County and statewide through the Works of Art Special Fund.

The revised Bill (HB777 HD1) now proposes that rather than cutting the 1% funding, the Works of Art Special Fund shall now be shared between HSFCA, Bishop Museum and 'Iolani Palace. It is obviously a far more delicate matter now to oppose this Bill--which, in representing the Donkey Mill Art Center, a Hawai'i island community arts center, I unavoidably must knowing how much Hawai'i island arts institutions, artists, teaching artists and their many students in our County depend on HSFCA's support--and concurrently acknowledge the fiscal needs of Bishop Museum and 'Iolani Palace. It is difficult to not consider this amended version of the Bill as intentionally divisive. I take heart in the fact that the arts community and all leaders within it are aware of the need to stand united.

The Works of Art Special Fund provides key support for community resource exhibition spaces like the Kahilu Theatre, Volcano Art Center, Wailoa Center, East Hawai'i Cultural Center and the Pacific States Biennial at UH Hilo. The Donkey Mill Art Center also has an exhibition space and we have been greatly looking forward to hold a group exhibition this fall on the art of kapa for which we plan to request a visit of HSFCA's Acquisition Award Selection Committee of the Art in Public Places Collection to raise awareness and reach of Hawai'i islands kapa artistry.

I understand from Karen Ewald, Director, Art in Public Places Program and the Hawai'i State Art Museum, that there are 53 Commissioned Works of Art installed and 310 Relocatable Works of Art installed in Hawai'i County alone. These are all funded through the Works of Art Special Fund via HSFCA's commitment to bring artwork directly into communities statewide, including rural areas like ours.

I understand that our Legislators face many difficult decisions at this time. Thank you for your careful consideration of the impact of this Bill on Hawai'i County residents.

Sincerely,  
  
Maja (Clark) Grajski

**HB-777-HD-1**

Submitted on: 2/22/2021 1:44:25 PM

Testimony for FIN on 2/23/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Setsuko Morinoue	Individual	Oppose	No

Comments:

I oppose this amendment to this Bill HB777 HD1.

By law Bishop Museum, including Iolani Palace is a 'State' museum and should be the States responsibility for receiving their annual line budget of \$626,000.

1. Museum and Iolani Palace should not goudge into the State Foundation for Culture and the Arts Special Funds budget. It is NOT the right place to take from as it already grossly lacks the sufficient financial support it needs to branch out support to outer islands as it is and look after what exists. Hawaii State Foundation for Culture and the Arts, SFCA should be something to uphold, honor and support and increase its budget as it touches all aspects of our economy, community, education, mental health, culture and it is a visitors attraction. It simultaneously supports our small local shops and restaurants when people enjoy the arts. SFCA special funds create revenue for the State because the SFCA helps Arts and Culture thrive here in the state of Hawai'i. Taking away funds for acquisitions to support local artists, Art bento, HiSAM Public Programming and ARTISTS IN SCHOOLS that actively teach our children how to become a good human through critical thinking skills, cultural reflective practice and the process mindset is detrimental to our educational landscape of Hawai'i for ALL islands.

Do not take from this already stressed funding.



**HB-777-HD-1**

Submitted on: 2/22/2021 1:52:39 PM

Testimony for FIN on 2/23/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Deborah Butterfield	Individual	Oppose	No

Comments:

I'm testifying against HB777. The arts are more important now during the pandemic than ever. Art can help us make meaning out of heartbreak and tragedy and help us join together in hope and possibility.

**HB-777-HD-1**

Submitted on: 2/22/2021 1:58:20 PM

Testimony for FIN on 2/23/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
John Buck	Individual	Oppose	No

Comments:

Please reject HB777. The arts are the heart and soul of Hawaii.

**HB-777-HD-1**

Submitted on: 2/22/2021 2:01:28 PM

Testimony for FIN on 2/23/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Emma Ulen-Klees	Individual	Oppose	No

Comments:

The arts always necessary to personal and community health. Now maybe even more than ever.

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
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 CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
HOUSE BILL NO. 777, H.D. 1

**February 23, 2021**  
**2:00 p.m.**  
**Via Videoconference**

RELATING TO WORKS OF ART SPECIAL FUND

The Department of Budget and Finance (B&F) offers comments on House Bill (H.B.) No. 777, H.D. 1.

H.B. No. 777, H.D. 1, authorizes the Works of Art Special Fund (WOASF) to be used for funding for the State of Hawai'i Museum of Natural and Cultural History (Bishop Museum) and State of Hawai'i Museum of Monarchy (Iolani Palace).

B&F has serious concerns with the use of the WOASF for operating purposes for funding for the Bishop Museum and Iolani Palace. The WOASF is primarily funded by tax-exempt general obligation bonds. Using such bond proceeds for operating purposes puts the tax-exempt status of the bonds at risk (see Treasury Regulation Sections 1.148-(c)(4)(ii) and 1.148-10(a)(4)). Consequently, tax-exempt bond proceeds should not be used to fund operating expenses.

Thank you for your consideration of our comments.

*Aloha no e decision makers on HB777HD1,*

I am writing in strong opposition to this bill and any of its derivatives. The fact that it was moved through the Senate committee, with its misleading language and confusing and erroneous dates, is an example of disregard for the impact this kind of bill has on community. In addition to its poorly conceived content, so many hardworking arts organizations, creative and individual artists have had to take the time to write against a piece of legislation that feels frivolous and a reach.

The nature of the support needed for 'Iolani Palace and Bernice Pauahi Bishop Museum is massive, and must be systemic and demonstrate a long-term commitment from our State government to these vital repositories of our rooted heritage. That's a different funding stream than the SFCA Arts Special Fund you are proposing to utilize. Raiding this trendsetting (for decades, across the nation) program managed by the State Foundation on Culture and the Arts, which has clear parameters and was set up to reach far and wide into our communities to create access to the arts, is frankly, obscene.

First of all, instead of actually naming the organizations, as we all know them, Bernice Pauahi Bishop Museum and 'Iolani Palace, the bill implies that they are "State Museums." If these two organizations were actually designated as "State Museums" then treat them with the true funding respect THEY deserve, not steal from one fund to support another.

Please, take a moment and reflect on the impact of HB777HD1 on the underbrush of creative communities, where so much good work is being done. Through the use of these funds, as designed, all kinds of people who call Hawai'i home can celebrate, translate, interpret and reflect on our own creative self expression—leave these funds alone, they are dollars well spent across a multitude of local communities, and represent the best kind of spending, which is NOT what HB777 is proposing.

Please do your best work and make us all proud. Mahalo for your continue service to our communities,

Me ke aloha,

Maile Meyer

Pu'uhonua Society / Aupuni Space / Na Mea Hawai'i / Native Books



**HAWAI'I**

STATE FOUNDATION on  
CULTURE and the ARTS

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Governor  
David Y. Ige

Comptroller  
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Chairperson  
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Nalani Brun  
Jane Clement  
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**TESTIMONY OF THE STATE FOUNDATION ON CULTURE AND THE ARTS  
TO THE HOUSE COMMITTEE ON FINANCE**

**Tuesday, February 23, 2021 at 2:00 p.m. CR 308 via Videoconference**

**H. B. 777 H.D. 1**

**RELATING TO WORKS OF ART SPECIAL FUND**

Chair Sylvia Luke and members of the Committee, I am Jonathan Johnson, Executive Director of the State Foundation on Culture and the Arts (SFCA), and I am grateful for the opportunity to testify with **COMMENTS** on H. B. 777 H.D. 1.

**Why government funds the arts:** In 1967, Hawai'i became the first state in the nation to adopt a percent-for-art law. The purpose of the law is to beautify and humanize our state buildings and increase public access to the arts. Our legislators were the pioneers in recognizing the importance of art to the human spirit and development. Public works of art enhance the physical environment of state buildings and provide educational visual arts opportunities to the public through the Museum Without Walls program. The arts are an important policy asset and prosperity generator. The presence of a strong state arts agency ensures that all communities - regardless of their geographic location or economic status - have access to the arts.

**'Iolani Palace and Bernice Pauahi Bishop Museum:** The State Foundation on Culture and the Arts recognizes the value of 'Iolani Palace and Bernice Pauahi Bishop Museum for the State of Hawaii. The State shares the responsibility to fund these institutions correctly and on a consistent basis to ensure ongoing operations. State support of Bishop Museum is to be implemented through an annual appropriation from the general revenues of the State of Hawaii. Both Bishop Museum and 'Iolani Palace have provisions to receive State funds and an exemption from qualifying standards and conditions related to Chapter 42F. The 'Iolani Palace facility is in the purview of the Department of Land and Natural Resources (DLNR).

Hawai'i's culture sector is the hardest hit in the nation. Bishop Museum and 'Iolani Palace have lost significant operating revenue due to the drop in attendance while each institution continues to require care for collections and repair and maintenance of their aging facilities. 'Iolani Palace and Bishop Museum are eligible for SFCA funding designed to support organization's operating needs. If the need is to address aging facilities, CIP projects, leaky roofs, HVAC etc., the correct vehicle for 'Iolani Palace is for DLNR to request a CIP project from the legislature and for Bishop Museum, it would be to seek an appropriation from the legislature when funds become available. If their needs are to care for collections, SFCA can currently support the conservation of state cultural property as we do with the Kamehameha statues statewide. SFCA welcomes the opportunity to work with both 'Iolani Palace and Bishop Museum to support their needs within our fund parameters.

SFCA understands the shortages faced by the State caused by the pandemic as each department was instructed not to ask for additional funding and there would be a restriction imposed. The Works of Art Special Fund is not the correct vehicle for funding 'Iolani Palace and Bishop Museum as these funds cannot be used for operating due to their source as GO bonds. Diversion of the Works of Art Special Fund will have dire consequences for the State, halting culture and arts work in communities already suffering from the impact of the pandemic.

**Purpose of the Works of Art Special Fund:** Expenditures for the Works of Art Special Fund are restricted to the acquisition, interpretation, conservation and transportation of works of art. The SFCA [Annual Report](#) offers a transparent look at how the fund efficiently and effectively provides public benefit. In **2020, Act 40 disrupted funding** with an unintended consequence that prevents the 1% from being allotted to the Special Fund resulting in only \$15,520 revenue to the fund to date. With the revenue stream blocked, the \$9M current unencumbered cash balance will be completely depleted by SFCA in two years. Maintaining a fund balance equal or greater than the legislative appropriation is necessary to ensure solvency as legislative appropriations are from the fund balance.

<b>Works of Art Special Fund S-319</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>FY 19-20</b>	<b>FY 20-21</b> (as of 1-31-21)
<b>1% Revenue (actual)</b>	<b>7,584,288.25</b>	<b>3,680,929.93</b>	<b>3,084,544.00</b>	<b>15,520.00</b>
<b>Total Expenses</b>	<b>4,003,645.42</b>	<b>4,329,333.25</b>	<b>4,575,636.76</b>	<b>5,000,000 e.</b>
<b>Appropriation</b>	<b>4,508,223.00</b>	<b>4,508,223.00</b>	<b>5,573,625.00</b>	<b>5,573,625.00</b>

**IMPACT of H.B. 777 H.D. 1:** The table below reflects current and future projects statewide that would be placed on hold or cancelled if funding were diverted to Bishop Museum and 'Iolani Palace. The coinciding State departments would be impacted as well with this proposed diversion of funds, as they contributed to the Special Fund and may have incorporated works of art into their construction or renovation plans. For some departments such as Transportation Airports Division, diversion of funds contributed to the Works of Art Special Fund would compromise their ability to qualify for Federal FAA grants.

<b>Art in Public Places Current and Planned Projects</b>	<b>Location</b>	<b>Project Cost</b>	<b>Fiscal Year</b>
Haiku Elementary School	Haiku (Maui)	\$100,000	2021
Nanakuli Public Library	Nanakuli (Oahu)	\$150,000	2021
Kapiolani Community College Culinary Institute	Honolulu (Oahu)	\$150,000	2021
UH West Oahu	Kapolei (Oahu)	\$300,000	2021
Kahului Airport	Kahului (Maui)	\$300,000	2021
Ellison Onizuka Kona International Airport at Keahole	Kona (Hawaii)	\$50,000	2021
Women's Community Correctional Center	Kailua (Oahu)	\$150,000	2021
<b>Total</b>		<b>\$1,200,000</b>	
Kihei High School	Kihei (Maui)	\$200,000	2022
Aloha Stadium	Honolulu (Oahu)	\$500,000	2022
Wahiawa Civic Center/Judiciary Complex	Wahiawa (Oahu)	\$300,000	2022
<b>Total</b>		<b>\$1,000,000</b>	

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



# IOLANI PALACE

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**Testimony of  
PAULA AKANA  
Executive Director**

**Before the House Committee on  
Finance**

**Tuesday, February 23, 2021  
2:00 PM**

**State Capitol, Conference Room 308 via video conference**

**In Consideration of  
HOUSE BILL 777 HD1**

**RELATING TO WORKS OF ART SPECIAL FUND; BISHOP MUSEUM; IOLANI PALACE**

Aloha Chair Luke, Vice Chair Cullen and Members of the Committee,

My name is Paula Akana. I am the Executive Director of The Friends of Iolani Palace. We have a long term lease with the State Department of Land and Natural Resources to maintain and operate Iolani Palace, the Coronation Pavilion, Barracks and the Kanaina (Old Archives) Building.

We – The Friends of Iolani Palace, greatly appreciate any funding to help us to restore, repair and maintain Iolani Palace, which is the only royal residence on U.S. Soil. We feel, due to specific limitations of the Works of Special Arts fund, it may not be appropriate for us to be included in the fund itself.

We are applying for the biennial grants program from SFCA, and we have already begun discussions on how we can work together for the betterment of our individual cultural organizations.

We do have several vehicles this legislative session that we believe will better help us, including HB1193 HD1, which would appropriate, through general obligation bond sales, much needed CIP monies to repair these properties. There is a similar CIP bill in the Senate, as well as a bill to give us much needed unrestricted funding to help us with operations.

These bills would help to ensure that the 139 year old Iolani Palace will receive the costly delayed repairs that it desperately needs, along with the ongoing maintenance to preserve not only the building itself, but also the priceless cultural resources within it.

The mookuhau or genealogy of Iolani Palace doesn't stop with the 1893 overthrow of the Hawaiian monarchy. The State of Hawaii is a big part of that genealogy – when the Palace housed legislative offices during the territorial and first ten years of statehood.



The state's recognition of this can be found in HRS 6E-35, which designates Iolani Palace as The State of Hawaii Museum of Monarchy History. We feel strongly that Iolani Palace should have a dedicated source of funding through the state budget itself.

Once again, mahalo nui loa for your support of this amazing cultural resource – Iolani Palace.

Aloha,  
Paula Akana

**HB-777-HD-1**

Submitted on: 2/22/2021 2:45:02 PM

Testimony for FIN on 2/23/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Sara Nealy	Kahilu Theatre	Oppose	No

Comments:

Aloha.

I am the executive director of the Kahilu Theatre in Waimea on Hawai'i Island. I was surprised and dismayed to hear about a bill that proposes to divert funds that support community resource exhibition spaces outside of Honolulu! I am writing to affirm the important role of the Art in Public Places Program in supporting Hawaii County's visual artists and arts organizations. Lacking easy access to Honolulu's art institutions, Hawaii County residents rely on a cohort of art galleries, like the galleries at Kahilu Theatre, to provide exposure for the work of Hawai'i's artists. Visits to these galleries by SFCA's Art Advisory Selection Committees both support our local artists and provide prestigious recognition to our visual art programs. Any change to the Works of Art Special Fund that diverts funding to institutions not presently among the legislatively designated beneficiaries will pull funding from Hawai'i County. During the pandemic recession, it is particularly important to sustain, rather than diminish, current levels of funding to the Hawai'i County artists and organizations so that they can continue to deliver essential arts experiences to our community.

Thank you for considering all of Hawai'i in your deliberations.

Mahalo,

Sara Nealy

**HB-777-HD-1**

Submitted on: 2/22/2021 3:25:09 PM

Testimony for FIN on 2/23/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Mike Nelson	Volcano Art Center	Support	No

Comments:

On behalf of the Volcano Art Center I wish to acknowledge our support of this bill and the continual support realized by SFCA for supporting our community and organizations members reflectng a diverse community of local, indigenous and international artists.

**HB-777-HD-1**

Submitted on: 2/22/2021 3:23:38 PM

Testimony for FIN on 2/23/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Stephen Freedman	East Hawaii Cultural Center	Oppose	No

Comments:

Re: **revised Bill** ([HB777 HD1](#))

Attention: House of Representatives' Committee on Culture, Arts & International Affairs,

As Chairman of the Board of the East Hawaii Cultural Center for five years, and as a professional artist for fifty years, I am speaking against limiting or narrowing the capacity of the State Foundation on Culture and the Arts to support our institutions through art purchases and institutional grants and assistance.

As we all find ourselves struggling with the consequences of the Covid 19 pandemic, the keys to economic and social resilience are innovation and creativity; the ability to envision how what is becomes what might be. Of course our first instinct is to limit spending to culture and the arts, often thought of as luxuries. But throughout civilization, great leaders have always recognized that art and culture are not luxuries; they are the foundational DNA of our ability to adapt and respond.

Please support SFCA in its mission to promote those community institutions, like EHCC, which spawn and inspire the innovation that will bring about our recovery.

Sincerely,

*Stephen Freedman*

Board Chair, EHCC Board

East Hawai'i Cultural Center

141 Kalākaua Street

Hilo, HI 96720

[Check out our FY2020 Annual Report here!](#)

EHCC office: (808) 961-5711

Stephen's phone: (808) 966-8943



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February 22, 2021  
Rep. Sylvia Luke, Chair House Committee on Finance  
Hawai'i State Legislature  
Re: Testimony in Opposition to HB777 HD1

Dear Representative Luke and Committee Members

I do NOT support HB777 HD1 as it would severely impact the ability of the Hawai'i State Foundation on Culture and the Arts to continue its many programs that benefit communities across Hawai'i County and statewide through the Works of Art Special Fund.

Art is part of our human nature. Art's very origin separated us from the animals, advancing our communication, our sense of identity, growing our curiosity, and changed how we survive and communicate our values.

To take away part of a human need from the people implies a kind of suppression. It dictates what a group of people should and shouldn't value and that is fundamentally wrong.

All art forms have shaped our humanity and I couldn't imagine a world without the indulgence in the creative process. How would we have come this far without art, science, design and technology? The art making process nurtures our curiosity and informs our creativity, helps us empathize with the world and enhances our problem solving skills to better our living society.

The Donkey Mill Art Center services over 500 students a year under the Artist in the Schools program, providing our teaching artists with an entry point to reaching a growing population of underserved students. As we continue our services within our community, the demand for better, more well rounded, project based learning is in demand. The arts is a social emotional communication tool necessary in the design of a well rounded education. HB777 would cut percent for art revenues from building renovations which is over 50% of revenue, effectively eliminating art acquisitions and interpretive work including portions of the Artists in the Schools, Art Bento and HiSAM public programming.

I believe placing attention to the Arts, Culture & Education is EVERYONE'S priority to better prepare our next generation so they can continue to build a healthy, civil and economically stable society.

I understand that our Legislators face many difficult decisions during this financially unstable time. Thank you for your careful consideration of the impact of this Bill on Hawai'i County residents.

Aloha Pumehana,

A handwritten signature in black ink, appearing to read "Miho", is written over a light blue horizontal line.

Miho Morinoue - Program Director for the Donkey Mill Art Center

**HB-777-HD-1**

Submitted on: 2/22/2021 8:59:53 PM

Testimony for FIN on 2/23/2021 2:00:00 PM



<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Michelle Kumata	Individual	Oppose	No

Comments:

I strongly oppose HB777. It is critical to keep community arts programs and funding to save the culture, arts and education in the State of Hawai'i.

I am an artist and regular visitor to Hawai'i. What makes these islands special and what continues to draw us back are the rich and vibrant culture and arts.

Please support arts programming and funding, which will support the economy, culture, community and FUTURE of Hawai'i.