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KE KIA'ĀINA



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DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWÉ LAULĀ
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WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE

COMMITTEE ON FINANCE

H. B. 450, H.D. 2

FEBRUARY 25, 2025, 2:00 PM
CONFERENCE ROOM 308 AND VIA VIDEOCONFERENCE, STATE CAPITOL

RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND
TOURISM.

Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee, thank you for the opportunity to testify on H.B. 450, H.D. 2.

The Department of Accounting and General Services (DAGS) offers testimony in **support** of H.B. 450, H.D. 2 which transfers the State Foundation on Culture and the Arts (SFCA) and the King Kamehameha Celebration Commission (KKCC) from the DAGS to the Department of Business, Economic Development, and Tourism (DBEDT). In addition, H.B. 450, H.D. 1 transfers the authority held by the Comptroller over the Works of Art Special Fund to DBEDT.

DAGS provides the following comments:

1. SFCA's overall purpose and mission aligns more with the various attached agencies at DBEDT.

2. The proposed transfer will improve administrative efficiency and facilitate the operations of SFCA and KKCC while providing opportunities for collaboration, synergy and strategic partnerships.

Thank you for the opportunity to provide comments on this proposed measure.



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**Testimony of KAREN EWALD, Executive Director
State Foundation on Culture and the Arts**

**Before the
HOUSE COMMITTEE ON FINANCE
TUESDAY, FEBRUARY 25, 2025 Conference Room 308 at 2:00PM**

**HOUSE BILL 450 H.D.2
RELATING TO
THE DEPARTMENT OF BUSINESS ECONOMIC DEVELOPMENT AND TOURISM**

Dear Chair Yamashita and members of the Committee,

The State Foundation on Culture and the Arts (SFCA), is dedicated to the promotion, perpetuation, and preservation of culture and the arts in Hawai'i.

The SFCA **SUPPORTS** H.B. 450 H.D.1 which transfers the State Foundation on Culture and the Arts and the King Kamehameha Celebration Commission from the Department of Accounting and General Services to the Department of Business, Economic Development, and Tourism.

In researching the pro's and con's of the proposed transfer and its impact on the community being served, the State Foundation on Culture and the Arts has the following recommendations to facilitate a smooth transition while maintaining the agencies independence, governance, mission while ensuring funding remains intact.

- Add administrative and personnel staff to DBEDT and SFCA to ensure support both the transition and a sustained future.
- Change the effective date to July 1, 2026 to provide time to make the necessary administrative changes so the organizations can continue without delays.
- Provide assurance there will be no loss of funding as national statistics indicate that nearly all [state arts agencies whose placement changes suffer significant budget decreases.](#)

Thank you for the opportunity to provide testimony on this measure.

Rep. Kyle T. Yamashita, Chair
Rep. Jenna Takenouchi, Vice Chair
House Committee on Finance

Testimony of Jame K. Schaedel

Tuesday, February 25, 2025

Support for House Bill No. 450, HD No. 2 – Relating to the Department of Business, Economic Development, and Tourism

WRITTEN TESTIMONY ONLY

Honorable Chair, Vice Chair, and Members of the Committee:

Thank you for the opportunity to submit testimony in **strong support** for House Bill No. 450, HD No 2. This bill, if approved, would transfer the State Foundation on Culture and the Arts (SFCA) and the King Kamehameha Celebration Commission (“commission”) from the Department of Accounting and General Services (DAGS) to the Department of Business, Economic Development, and Tourism (DBEDT). It would further transfer the authority held by the Comptroller over the Works of Art Special Fund to the Director of Business, Economic Development, and Tourism.

I offer this testimony as a private citizen, and not in my capacity as a commissioner of the King Kamehameha Celebration Commission. My testimony will be focused on the commission and not the SFCA.

The commission was formally established by the 20th Legislature of the Territory of Hawai‘i in 1939 via House Bill No. 379, which was signed into law by Governor Joseph Poindexter on May 15, 1939, as Act 237.

In 1939 and 1940, limited kuleana for the commission was held by the Territorial Auditor specific to the expenditure of funds to pay for celebration expenses on islands designated in Act 237 (SLH 1939). This is likely why the Comptroller still has kuleana over the commission today.

For nearly nine decades, the commission has persevered, undergoing 14 amendments over the years, the most recent occurring in 2018. The latest amendments included commission membership changes, a certificate of good standing requirement, adding a commissioner to represent Lāna‘i, and authorizing the commission to appoint an Executive Director.

In my opinion, DAGS considers the commission and its employees to be “low hanging fruit” and has often been the first agency targeted by the Comptroller for budget cuts throughout the past two decades. Despite statutory requirements contained in §8-5, HRS, it is my understanding that DAGS has not funded, solicited to fill, nor filled 1.5 FTE positions, which include the Arts Program Specialist, and a part-time Clerk Typist. The positions no longer exist in the budget.

This status quo is no longer acceptable, and the commission would be more appropriately placed under the purview of DBEDT.

I also suggest a friendly amendment to add the commission to subsection (b), §26-18, HRS, so that this section does not have to refer to session law or to another section in the HRS.

Thank you for considering my testimony in **strong support** for House Bill No. 450, HD No. 2. Should you have any questions, please do not hesitate to reach out to me.

Respectfully,

Jame K. Schaedel
Kapolei, Hawai'i