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BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 925, H.D. 2

February 25, 2025
2:00 p.m.
Room 308 and Videoconference

RELATING TO THE ARTS

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill (H.B.) No. 925, H.D. 2, establishes the Performing Arts Special Fund (PASF) to be administered by the State Foundation on Culture and the Arts for the coordination, planning, promotion, marketing, and execution of performing arts events.

As a matter of general policy, B&F does not support the creation of any special fund, which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work, and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding H.B. No. 925, H.D. 2, it is difficult to determine if the PASF would be self-sustaining.

Thank you for your consideration of our comments.



‘ŌNAEHANA KULANUI O HAWAII’

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
House Committee on Finance
February 25, 2025 at 2:00 p.m.

By

Kalbert K. Young

Vice President for Budget and Finance/Chief Financial Officer

and

Jan Gouveia

Vice President for Administration

University of Hawai'i System

HB 925 HD2 – RELATING TO THE ARTS

Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

Thank you for the opportunity to provide comments and suggested amendments on HB 925 HD2, which establishes a Performing Arts Special Fund to be used for the coordination, planning, promotion, marketing, and execution of performing arts events and to be funded by one per cent of all ticket sales from concerts held at state venues.

The University of Hawai'i (UH) supports the performing arts in our community with a number of venues throughout the UH system, such as The Kennedy Center at UH Mānoa and Palikū Theatre at Windward Community College, and take no position on the establishment of the special fund. Revenues from concerts or other performing arts showcased at UH venues help to sustain the operations and management of the facility, and the academic programs that utilize the facilities, while at the same time providing real life experiences for students majoring in the field of performing arts and entertainment.

The definition of “concert” seems to be very broad in its impact. As written, HB 925 HD2 would include diverting one per cent of revenues from a student sponsored event on campus – such as band or hula performances or theatrical play – that was meant to benefit the students and their program. Any reduction in funding that was meant to be for the students or performance venue will have a negative impact and would be contradictory to the purpose of this measure, which is to expand more access to arts and culture across the state. UH would respectfully request an exemption from providing one per cent of all ticket sales to the Performing Arts Special Fund for all UH sponsored concerts held on any of the UH campuses.

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



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKĀ'I

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Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

Tuesday, February 25, 2025
10:00 AM
State Capitol, Conference Room 308 & Videoconference
415 South Beretania Street

In consideration of
HB925 HD 2
RELATING TO THE ARTS

Chair Yamashita, Vice Chair Takenouchi and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) offers comments to HB925 HD2, which would establish a special fund to be used by the State Foundation on Culture and the Arts (SFCA) for the coordination, planning, promotion, marketing and execution of performing arts events, and collect revenues equal to one percent (1%) of all ticket sales from concerts held at state venues to be transferred into the performing arts special fund.

DBEDT recognizes the invaluable role that the performing arts play in our culture and economy. Art inspires, educates, and challenges individuals to think differently, while making Hawaii a more vibrant place for both residents and visitors. However, we have concerns about the potential unintended consequences of imposing an additional one percent fee on ticket sales for concerts held at state venues. This fee could: 1. Lead to increased costs that may be passed on to consumers; 2. Result in fewer events being held at state venues; 3. Create administrative burdens for community and cultural organizations that typically utilize state facilities.

Additionally, the definition of "concert" on page 3, line 15, as "a live, staged musical performance, comedy act, or other specialty act or performance featuring any number of performers that occurs in front of an audience" raises questions about implementation. For events that incorporate entertainment as part of a broader program, how would the one percent fee be calculated when there is no specific "concert ticket" price? If HB 925 HD2 moves forward, we recommend amending the bill to provide clearer guidance on these implementation questions and to consider exemptions for smaller community-based events. Mahalo for the opportunity to share our comments.

The establishment of a special fund specifically intended for the promotion, planning, coordination, marketing and execution of performing arts events would give the SFCA more financial clout to further Hawai'i's diversity, cultures and heritage through the arts.

DBEDT and its Creative Industries Division will continue dialogue with lawmakers, SFCA and the community to work through any notable challenges which could arise in the implementation of this Bill.

Thank you for the opportunity to testify.



HAWAII
STATE FOUNDATION on
CULTURE and the ARTS

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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 925 H.D.2
RELATING TO THE ARTS**

Dear Chair Yamashita and members of the Committee,

The SFCA is pleased to **SUPPORT** H.B. 925 H.D.2 which requires the Comptroller to establish a separate Arts Fees Account within the Works of Art Special Fund to be funded by one per cent of all ticket sales from concerts held at state venues.

State legislatures use a mixture of strategies to provide public support for state arts agencies (SAAs). By far the largest state funding source for SAAs—currently and historically—is state general funds. However, state legislatures have enacted a variety of other legislative strategies to provide additional support. Examples of these funding mechanisms include dedicated taxes, sales of specialty license plates, and gaming revenues.

The SFCA supports the investigation into alternate funding sources for culture and arts activities including the establishment of a cultural trust to accept and distribute funding.

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



TESTIMONY OF
DANIEL NĀHO'OPI'I
Interim President & CEO
Hawai'i Tourism Authority
before the
HOUSE COMMITTEE ON FINANCE

Tuesday, February 25, 2025
2:00 p.m.
State Capitol, Room 308

In consideration of
HB 925 HD 2
RELATING TO THE ARTS

Aloha Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee,

The Hawai'i Tourism Authority (HTA) offers comments to HB 925 HD1, which establishes a Performing Arts Special Fund to be used for the coordination, planning, promotion, marketing, and execution of performing arts events and to be funded by one percent of all ticket sales from concerts held at state venues. The bill also sets an effective date as July 1, 3000.

The HTA recognizes the invaluable role that the performing arts play in our culture and economy. However, the HTA must ensure that fees do not create barriers to travel but should provide a positive and competitive business environment [HRS 201B-3(a)(17)]. Imposing an additional one percent fee on ticket sales for concerts held at state venues could lead to increased costs. This may result in fewer events being held, a decrease in the quality of productions, or even the cancellation of concerts altogether. This is especially concerning for community and cultural organizations that typically utilize state facilities and that we support through our community programs.

On page 3, line 15, "concert" is defined as "a live, staged musical performance, comedy act, or other specialty act or performance featuring any number of performers that occurs in front of an audience." This has implications for events at the Hawai'i Convention Center, and perhaps other State facilities, particularly regarding entertainment during conventions and other broader events. When a convention or non-profit organization's fundraiser incorporates entertainment, such as a live performance or act during a lunch or dinner, does this qualify for the one percent fee outlined in the bill? And if so, how would the one percent be calculated for conventions or

other events that do not have a specific “concert ticket” price? If HB925 moves forward, we recommend amending the bill to provide clearer guidance on how the fee is implemented in these situations.

Mahalo for the opportunity to share our comments.

HB-925-HD-2

Submitted on: 2/24/2025 11:31:23 PM

Testimony for FIN on 2/25/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Cardenas Pintor	Individual	Support	Written Testimony Only

Comments:

Aloha,

I support this bill.

Mahalo nui,

Cardenas (Cards) Pintor