



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

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Statement of  
**JAMES KUNANE TOKIOKA**  
**Director**  
Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE ON WAYS AND MEANS**

Wednesday, February 19, 2025  
Time 10:02 AM  
State Capitol, Conference Room 211

In consideration of  
**SB1578, SD1**  
**RELATING TO INTERNATIONAL AFFAIRS**

Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee. The Department of Business, Economic Development, and Tourism (DBEDT) supports the intent of **SB1578, SD1** in the following areas:

- Redesignate the Hawaii sister-state committee as the Hawaii sister-state and international commission;
- Provide an exemption from 42F for state funding for the East-West Center. The EWC is an invaluable education and research organization in Hawaii and the country established by the U.S. Congress in 1960 to strengthen relations and understanding among the peoples and nations of Asia, the Pacific, and the United States. Its programs significantly contribute to Hawaii's role and position in international affairs, and align with Hawaii's goals in economic development, international relations and education. Regular support from State resources would help ensure that the East-West Center continues its good work and presence in Hawaii;

- Allow the out-of-state offices to establish and operate facilities to generate revenue for the state, such as pop-up stores selling Hawaii-made products, and other revenue producing facilities;
- Provide an appropriation to the office of international affairs of \$180,000 each fiscal year of the biennium. This funding is necessary to carry out the functions of the office of international affairs to develop and maintain the State's international relationships, programs and partnership, and to update its strategy for the State's international engagement and analyze potential investment and revenue generation abroad.

We support the intent of this measure provided it does not replace or adversely affect the Administration's priorities indicated in the Executive Budget.

Thank you for this opportunity to testify.



**WRITTEN TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
KA 'OIHANA O KA LOIO KUHINA  
THIRTY-THIRD LEGISLATURE, 2025**

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**ON THE FOLLOWING MEASURE:**

S.B. NO. 1578, S.D. 1, RELATING TO INTERNATIONAL AFFAIRS.

**BEFORE THE:**

SENATE COMMITTEE ONWAYS AND MEANS

**DATE:** Wednesday, February 19, 2025      **TIME:** 10:02 a.m.

**LOCATION:** State Capitol, Room 211

**TESTIFIER(S):**      **WRITTEN TESTIMONY ONLY.**

(For more information, contact Randall S. Nishiyama,  
Deputy Attorney General, at (808) 586-1267)

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Chair Dela Cruz and Members of the Committee:

The Department of the Attorney General provides the following comments regarding this bill.

The stated purposes of this bill are to: (1) engage local leaders with strong relationships abroad to support the governor and legislature in strengthening international partnerships, by redesignating the Hawaii sister-state committee as the Hawaii sister-state and international partnerships commission; (2) enable the East-West Center to better help and maintain the State's international relationships, programs, and partnerships; and (3) enable the State to more easily generate revenue from international partnerships and investment as other jurisdictions do, where appropriate.

To accomplish its purposes, the bill would:

- (1) Exempt the Center for Cultural and Technical Interchange Between East and West, Inc., better known as the East-West Center (EWC), from the qualifying standards and conditions relating to the receipt of funds contained in chapter 42F, Hawaii Revised Statutes (HRS), to allow the EWC to regularly receive state funds without filing grant applications as required by chapter 42F;
- (2) Allow the Department of Business, Economic Development, and Tourism (DBEDT) to establish out-of-state offices and facilities, and to buy property;

- (3) Establish the Hawaii Sister-State and International Partnerships Commission;
- (4) Appropriate funds to DBEDT's Office of International Affairs; and
- (5) Appropriate funds to the EWC.

We have the following recommendations about this bill:

**I. A Preamble Should be Added to the Bill to Promote the Public's Understanding of the Legislature's Intent of this Bill**

We note that the Legislature in Act 82, Session Laws of Hawaii 1975, established the EWC as an educational nonprofit public corporation. Act 82, section 5, specifies the following purposes of the EWC, stating among other things:

- (a) To promote better relations and understanding between the United States and the nations of the East through the administration and operation of the East-West center as an educational institution operating in furtherance of the objectives of the act of the United States Congress authorizing the established of the East-West Center . . . ;
- (b) To promote among the nations of the East and the West the use of the East-West center by qualified persons for cooperative study, training and research in matters of East-West significance, and thus lead to better relations and understanding as to such matters; . . . .

Consequently, we believe that the EWC's purposes serve a public purpose – to "promote better relations and understanding between the United States and the nations of the East."

Further, article VII, section 4, of the Hawaii Constitution, prohibits the appropriation of public moneys for private purposes. Given that the Legislature explicitly recognized the public purpose mission of the EWC, we believe that authorizing an annual appropriation in the State's executive budget to the EWC, exempt from the requirements of chapter 42F, HRS, complies with the public purpose requirement of article VII, section 4, of the Hawaii Constitution.

To facilitate the public's understanding of what the Legislature is trying to accomplish regarding providing public funding for the EWC, we suggest that this information outlining the history of the EWC, its establishment under Act 82, and the public benefits that have accrued from its existence should be added to the bill's

preamble. We note that the preamble to House Bill No. 1025, H.D. 1, page 1, line 1, through page 3, line 21, summarizes the history of the EWC and its relationship with the State.

**II. Standards for the EWC to Receive Public Funds**

Although it is our opinion that the EWC's exemption from the provisions of chapter 42F, HRS, would be constitutional, we recommend that the Legislature develop standards for the EWC to meet in order to receive public funds. Section 6E-35, HRS, provides standards that the Friends of Iolani Palace, also known as the State of Hawaii Museum of Monarchy History, must follow in order to receive direct appropriations from the State. These standards include, among other things: (1) making its financial records available for inspection by the Comptroller and the State Auditor; (2) prohibiting use of public funds for entertainment or lobbying; and (3) submitting an annual report to the Legislature detailing the use of its public funds over the past year.

We recommend that similar standards be required of the EWC as a condition of its receipt of public funds.

We respectfully ask the Committee to consider our comments.

**SB-1578-SD-1**

Submitted on: 2/16/2025 9:53:50 PM

Testimony for WAM on 2/19/2025 10:02:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Ruth Love	Individual	Oppose	Written Testimony Only

Comments:

I have reservations as to whether this needs to continue.

Also, this does not clarify who we consider to be sister states.

Thank you

Mrs Ruth Love