
A BILL FOR AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

- 1 SECTION 1. Section 8-5, Hawaii Revised Statutes, is
2 amended as follows:
- 3 1. By amending subsection (a) to read:
- 4 "(a) There shall be a commission to be known as the King
5 Kamehameha celebration commission placed within the department
6 of [~~accounting and general services~~] business, economic
7 development, and tourism for administrative purposes. The
8 commission shall consist of fifteen members to be appointed by
9 the governor in the manner provided by section 26-34. The
10 appointments shall be made from the following organizations,
11 with one member from each organization:
- 12 (1) Royal Order of Kamehameha I;
13 (2) 'Ahahui Ka'ahumanu;
14 (3) Hale O Nā Ali'i O Hawai'i 'Ahahui Po'o;
15 (4) Daughters and Sons of Hawaiian Warriors Māmakakaua;
16 (5) Kamehameha Schools Alumni Association;



- 1 (6) Association of Hawaiian Civic Clubs;
- 2 (7) Waimānalo Hawaiian Homes Association;
- 3 (8) Daughters of Hawaii;
- 4 (9) Kapahulu Music Club; and
- 5 (10) Papakōlea Community Association.

6 Each organization shall maintain a certificate of good
7 standing issued by the department of commerce and consumer
8 affairs and an active membership list. Each organization may
9 recommend for appointment to the commission persons capable of
10 providing administrative guidance to the commission with regard
11 to knowledge of Hawaiian culture, history and protocols, legal
12 issues, business, accounting, marketing, philanthropy, or public
13 relations.

14 In addition, the governor shall appoint one member to the
15 commission from each of the following islands: Kaua'i, Lāna'i,
16 Maui, Moloka'i, and Hawai'i. Each of these members shall be a
17 resident of the respective island that the member represents.
18 The governor shall appoint persons capable of providing
19 administrative guidance with regard to legal issues, business,
20 accounting, marketing, philanthropy, or public relations."

21 2. By amending subsections (c) and (d) to read:



1 "(c) The members of the King Kamehameha celebration
2 commission shall serve without compensation, but shall be
3 entitled to reimbursement for travel and necessary expenses
4 while attending meetings and while in discharge of their duties.
5 The [~~comptroller~~] director of business, economic development,
6 and tourism shall reimburse the members of the King Kamehameha
7 celebration commission for all necessary expenses incurred
8 during the discharge of their duties.

9 (d) The commission may appoint and dismiss an arts program
10 specialist and a part-time clerk typist, without regard to
11 chapter 76, who shall serve at the commission's pleasure, and
12 whose salaries shall be provided through fees, public
13 contributions, and private donations. The commission, by
14 majority vote, shall appoint an executive director who shall be
15 familiar with the people and culture of Hawai'i, and shall serve
16 without regard to chapter 76 for a term to be determined by the
17 commission. Except for matters undertaken by the [~~comptroller~~]
18 director of business, economic development, and tourism pursuant
19 to subsection (f), the executive director shall be responsible
20 for all fiscal and administrative matters, including securing
21 public contributions and private foundation grants or donations.



1 The executive director shall also be responsible for developing
2 and administering programs as the commission may direct. The
3 executive director may be removed for cause at any time by a
4 two-thirds vote of all commission members."

5 3. By amending subsection (f) to read:

6 "(f) The [~~comptroller~~] director of business, economic
7 development, and tourism shall account for all moneys
8 appropriated by the legislature, may raise funds to defray
9 administrative costs, and may accept donations of money and
10 personal property on behalf of the commission; provided that all
11 donations accepted from private sources shall be expended in the
12 manner prescribed by the contributor, and all moneys received
13 from all sources shall be deposited into the commission's trust
14 account."

15 SECTION 2. Section 9-2, Hawaii Revised Statutes, is
16 amended by amending subsection (a) to read as follows:

17 "(a) There is hereby created a state foundation on culture
18 and the arts, which shall be placed within the department of
19 [~~accounting and general services~~] business, economic
20 development, and tourism for administrative purposes."



1 SECTION 3. Section 9-3, Hawaii Revised Statutes, is
2 amended to read as follows:

3 **"§9-3 Duties.** The foundation shall:

- 4 (1) Assist in coordinating the plans, programs, and
5 activities of individuals, associations, corporations,
6 and agencies concerned with the preservation and
7 furtherance of culture and the arts and history and
8 the humanities;
- 9 (2) Establish written standards and criteria by which
10 grant contracts shall be evaluated;
- 11 (3) Appraise the availability, adequacy, and accessibility
12 of culture and the arts and history and the humanities
13 to all persons throughout the State and devise
14 programs whereby culture and the arts and history and
15 the humanities can be brought to those who would
16 otherwise not have the opportunity to participate;
- 17 (4) Stimulate, guide, and promote culture and the arts and
18 history and the humanities throughout the State;
- 19 (5) Devise and recommend legislative and administrative
20 action for the preservation and furtherance of culture
21 and the arts and history and the humanities;



1 (6) Study the availability of private and governmental
2 grants for the promotion and furtherance of culture
3 and the arts and history and the humanities;

4 (7) Through its executive director:

5 (A) Administer funds allocated by grant, gift, or
6 bequest to the foundation; accept, hold,
7 disburse, and allocate funds that may become
8 available from other governmental and private
9 sources; provided that all those funds shall be
10 disbursed or allocated in compliance with any
11 specific designation stated by the donor and in
12 the absence of any designation, the funds shall
13 be disbursed or allocated for the promotion and
14 furtherance of culture and the arts and history
15 and the humanities; and

16 (B) Accept, hold, disburse, and allocate public funds
17 that are made available to the foundation by the
18 legislature for disbursement or allocation,
19 pursuant to the standards and procedures
20 established in part II, for the promotion and



1 furtherance of culture and the arts and history
2 and the humanities;

3 (8) Submit an annual report with recommendations to the
4 governor and legislature, prior to February 1, of each
5 year. Annual reports shall include the total number
6 and amount of gifts and other grants and income
7 received, payroll disbursements, contracts entered
8 into, and progress and accomplishments made during the
9 year, including the efforts of the Hawaii arts
10 education partners and its progress in implementing
11 the Hawaii arts education strategic plan and the
12 accomplishments of the art in public places and
13 relocatable works of art programs and the state art
14 museum;

15 (9) Convene the Hawaii arts education partners, which is
16 composed of the department of education, the colleges
17 of education and arts and humanities of the University
18 of Hawaii at Manoa, the Hawaii Association of
19 Independent Schools, and the Hawaii Alliance for Art
20 Education, to fully implement the terms of the Hawaii
21 arts education strategic plan;



- 1 (10) Display student art works in public buildings, sponsor
2 student art displays, promote arts education, and in
3 other ways encourage the development of creative
4 talent among the young people of Hawaii;
- 5 (11) In cooperation with qualified organizations, conduct
6 research, studies, and investigations in the fields of
7 ethnohistory and the humanities:
- 8 (A) Make, publish, and distribute works documenting
9 the contributions of individual ethnic groups in
10 their relationship to one another and to the
11 whole population of Hawaii;
- 12 (B) Place ethnohistorical and cultural materials
13 developed by the foundation or received by the
14 foundation as gifts and donations in public
15 archives, libraries, and other suitable
16 institutions accessible to the public; and
- 17 (C) Maintain a register of the location of such
18 materials;
- 19 (12) Cooperate with and assist the department of land and
20 natural resources and other state agencies in
21 developing and implementing programs relating to



1 historic preservation, research, restoration, and
2 presentation, as well as museum activities;

3 (13) Establish an individual artist fellowship program to
4 encourage artists to remain and work in Hawaii and to
5 reaffirm the importance of Hawaii's artists and their
6 cultural and economic contributions to the State by:

7 (A) Recognizing and honoring Hawaii's exceptionally
8 talented visual and performing artists for their
9 outstanding work in and commitment to the arts;
10 and

11 (B) Enabling these artists to further their artistic
12 goals;

13 (14) In consultation with the [~~comptroller~~] director of
14 business, economic development, and tourism and
15 affected agencies and departments, administer the art
16 in public places and relocatable works of art programs
17 established pursuant to section 103-8.5; and

18 (15) Administer the operations of the state art museum
19 established pursuant to section 9-22."

20 SECTION 4. Section 9-5, Hawaii Revised Statutes, is
21 amended to read as follows:



1 "~~{}~~§9-5~~{}~~ **Rules.** The foundation shall adopt rules in
2 consultation with the ~~comptroller~~ director of business,
3 economic development, and tourism for the purposes of
4 administering this chapter. ~~[Such]~~ The rules shall be adopted
5 in accordance with chapter 91."

6 SECTION 5. Section 26-6, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "**§26-6 Department of accounting and general services.** (a)

9 The department of accounting and general services shall be
10 headed by a single executive to be known as the comptroller.

11 (b) The department shall:

12 (1) Preaudit and conduct after-the-fact audits of the
13 financial accounts of all state departments to
14 determine the legality of expenditures and the
15 accuracy of accounts;

16 (2) Report to the governor and to each regular session of
17 the legislature as to the finances of each department
18 of the State;

19 (3) Administer the state risk management program;

20 (4) Establish and manage motor pools;



- 1 (5) Manage the preservation and disposal of all records of
2 the State;
- 3 (6) Undertake the program of centralized engineering and
4 office leasing services, including operation and
5 maintenance and lease buyback processing pursuant to
6 subsection (d) of public buildings, for departments of
7 the State;
- 8 (7) Undertake the functions of the state surveyor;
- 9 (8) Establish accounting and internal control systems;
- 10 (9) Have the discretion to employ persons within the
11 comptroller's office who shall be exempt from chapters
12 76 and 89 in support of communications, change
13 management, and business process improvement programs
14 as part of the State's information technology
15 modernization efforts; provided that the persons shall
16 be members of the state employees' retirement system
17 and shall be eligible to receive the benefits of any
18 state employee benefit program generally applicable to
19 officers and employees of the State;



- 1 (10) Provide centralized computer information management
2 and processing services through the chief information
3 officer;
- 4 (11) Establish a program to provide a means for public
5 access to public information and develop an
6 information network for state government;
- 7 (12) Assume administrative responsibility for the office of
8 information practices; and
- 9 (13) Approve state fleet acquisitions; provided that:
- 10 (A) Beginning January 1, 2022, all new light-duty
11 motor vehicles that are passenger cars purchased
12 for the State's fleet shall be zero-emission
13 vehicles;
- 14 (B) Beginning as soon as practicable but no later
15 than January 1, 2030, all new light-duty motor
16 vehicles that are multipurpose passenger vehicles
17 and trucks for the State's fleet shall be zero-
18 emission vehicles; and
- 19 (C) The comptroller may authorize an exemption for
20 new fleet vehicle purchases if zero-emission
21 vehicles are demonstrated to be cost-prohibitive



1 on a lifecycle basis or unsuitable for the
2 vehicles' planned purpose, or if funds are
3 unavailable.

4 For the purposes of this subsection:

5 "Light-duty motor vehicle" has the same meaning as defined
6 in title 10 Code of Federal Regulations part 490.

7 "Multipurpose passenger vehicle" has the same meaning as
8 defined in title 49 Code of Federal Regulations section 571.3.

9 "Passenger car" has the same meaning as defined in title 49
10 Code of Federal Regulations section 571.3.

11 "Truck" has the same meaning as defined in title 49 Code of
12 Federal Regulations section 571.3.

13 "Zero-emission vehicle" has the same meaning as specified
14 in title 40 Code of Federal Regulations section 88.1.

15 (c) The state communication system shall be established
16 to:

17 (1) Facilitate implementation of the State's distributed
18 information processing and information resource
19 management plans;

20 (2) Improve data, voice, and video communications in state
21 government;



- 1 (3) Provide a means for connectivity among the state,
2 university, and county computer systems; and
- 3 (4) Provide a long-term means for public access to public
4 information.
- 5 (d) The department shall establish, coordinate, and manage
6 a program to facilitate facility agreements between the State
7 and private investors for the sale of facilities, excluding
8 facilities managed or controlled by the department of
9 transportation, to private investors; provided that each
10 facility agreement contains the following requirements:
- 11 (1) The State shall sell the facility to the private
12 investor, who shall:
- 13 (A) Renovate, improve, or construct a facility for
14 the State and may maintain the facility; and
- 15 (B) Lease the facility to the State, pursuant to a
16 building lease;
- 17 (2) The land upon which the facility rests shall not be
18 sold to the private investor; provided that the land
19 may be leased at a nominal rate to the private
20 investor for a term that would, at a minimum, allow
21 the private investor to recover the capital investment



1 that has been made to the facility, including
2 depreciation; and

3 (3) The State shall have the option of purchasing the
4 facility from the private investor for the remaining
5 balance of the debt service costs incurred by the
6 private investor at any time.

7 For purposes of this subsection:

8 "Building lease" means a contract between the department of
9 accounting and general services and a private investor in which
10 the private investor leases an improved facility to the
11 department for a specified period of time.

12 "Facility" means a building under the management and
13 control of any state department.

14 "Facility agreement" means an agreement between the State
15 and a private investor that, at a minimum, includes a
16 description of the work to be done, the sale price for the
17 facility, the duration of the agreement, the roles and
18 responsibilities of the State and the private investor, and the
19 terms and conditions for the lease.

20 "Private investor" means a nongovernmental entity.



1 (e) The department may adopt rules as may be necessary or
2 desirable for the operation and maintenance of public buildings;
3 for the operation and implementation of a program to provide a
4 means for public access to the State's information network
5 system and public information; and for the implementation of
6 facility agreements pursuant to subsection (d). The rules shall
7 be adopted pursuant to chapter 91.

8 ~~[(f) The King Kamehameha celebration commission shall be~~
9 ~~placed within the department of accounting and general services~~
10 ~~for administrative purposes. The functions, duties, and powers,~~
11 ~~subject to the administrative control of the comptroller, and~~
12 ~~the composition of the commission shall be as heretofore~~
13 ~~provided by law.~~

14 ~~(g)]~~ (f) The functions and authority [heretofore]
15 exercised by the comptroller, board of commissioners of public
16 archives, the archivist, the disposal committee, and the
17 insurance management, surplus property management, and central
18 purchasing functions of the bureau of the budget and the
19 nonhighway functions of the department of public works as
20 [heretofore] constituted are transferred to the department of
21 accounting and general services established by this chapter.



1 ~~[(h)]~~ (g) The department of accounting and general
2 services shall preserve and protect Washington Place, including
3 the grounds and the historic residence situated on its premises
4 at Miller and Beretania Streets in Honolulu. The department
5 shall administer, manage, operate, and maintain Washington Place
6 and the trust fund created under subsection ~~[(i)]~~ (h).

7 ~~[(i)]~~ (h) There is established a trust fund in the state
8 treasury to be known as the Washington Place trust fund, into
9 which shall be deposited:

- 10 (1) All rents and fees collected for the use of Washington
11 Place and from activities conducted on the premises;
12 (2) All other money received for the fund from any other
13 source; and
14 (3) All income and interest earned or accrued on moneys
15 deposited into the trust fund.

16 All moneys deposited into the trust fund shall be expended
17 by the department of accounting and general services and used
18 exclusively to implement the provisions of subsection ~~[(h)]~~
19 (g), including for staff salaries and fringe benefits, and shall
20 not be transferred, nor subject to transfer, to the general fund
21 or any other fund in the state treasury."



1 SECTION 6. Section 103-8.5, Hawaii Revised Statutes, is
2 amended by amending subsections (d) through (f) to read as
3 follows:

4 "(d) The [~~comptroller~~] director of business, economic
5 development, and tourism and the state foundation on culture and
6 the arts shall decide on the specific art objects to acquire,
7 giving first consideration to placing appropriate pieces of art
8 at the locations of the original appropriation.

9 The selection of, commissioning artists for, reviewing of
10 design, execution, and placement of, and the acceptance of works
11 of art shall be the responsibility of the [~~comptroller~~] director
12 of business, economic development, and tourism and the state
13 foundation on culture and the arts in consultation with the
14 affected agency or department.

15 Expenditures from the works of art special fund shall be
16 made by the [~~comptroller.~~] director of business, economic
17 development, and tourism.

18 (e) The [~~comptroller~~] director of business, economic
19 development, and tourism shall:

- 20 (1) Provide each agency receiving capital improvement
21 appropriations with information regarding items that



1 shall be included and excluded from the one per cent
2 amount;

3 (2) Ensure that each agency calculates its one per cent
4 amount correctly; and

5 (3) Ensure that each agency transfers the correct amount
6 to the works of art special fund in a timely manner.

7 (f) The [~~comptroller~~] director of business, economic
8 development, and tourism and the executive director of the state
9 foundation on culture and the arts shall track amounts due from
10 each agency under the one per cent requirement as provided in
11 this section."

12 SECTION 7. All appropriations, records, equipment,
13 machines, files, supplies, contracts, books, papers, documents,
14 maps, and other personal property heretofore made, used,
15 acquired, or held by the department of accounting and general
16 services relating to the functions transferred to the department
17 of business, economic development, and tourism shall be
18 transferred with the functions to which they relate.

19 SECTION 8. All rights, powers, functions, and duties of
20 the department of accounting and general services relating to
21 the functions transferred to the department of business,



1 economic development, and tourism shall be transferred with the
2 functions to which they relate.

3 All officers and employees whose functions are transferred
4 by this Act shall be transferred with their functions and shall
5 continue to perform their regular duties upon their transfer,
6 subject to the state personnel laws and this Act.

7 No officer or employee of the State having tenure shall
8 suffer any loss of salary, seniority, prior service credit,
9 vacation, sick leave, or other employee benefit or privilege as
10 a consequence of this Act, and such officer or employee may be
11 transferred or appointed to a civil service position without the
12 necessity of examination; provided that the officer or employee
13 possesses the minimum qualifications for the position to which
14 transferred or appointed; and provided that subsequent changes
15 in status may be made pursuant to applicable civil service and
16 compensation laws.

17 An officer or employee of the State who does not have
18 tenure and who may be transferred or appointed to a civil
19 service position as a consequence of this Act shall become a
20 civil service employee without the loss of salary, seniority,
21 prior service credit, vacation, sick leave, or other employee



1 benefits or privileges and without the necessity of examination;
2 provided that such officer or employee possesses the minimum
3 qualifications for the position to which transferred or
4 appointed.

5 If an office or position held by an officer or employee
6 having tenure is abolished, the officer or employee shall not
7 thereby be separated from public employment, but shall remain in
8 the employment of the State with the same pay and classification
9 and shall be transferred to some other office or position for
10 which the officer or employee is eligible under the personnel
11 laws of the State as determined by the head of the department or
12 the governor.

13 SECTION 9. All rules, policies, procedures, guidelines,
14 and other material adopted or developed by the department of
15 accounting and general services to implement provisions of the
16 Hawaii Revised Statutes that are reenacted or made applicable to
17 the department of business, economic development, and tourism by
18 this Act shall remain in full force and effect until amended or
19 repealed by the department of business, economic development,
20 and tourism pursuant to chapter 91, Hawaii Revised Statutes.



1 In the interim, every reference to the department of
2 accounting or general services or comptroller in those rules,
3 policies, procedures, guidelines, and other material is amended
4 to refer to the department of business, economic development,
5 and tourism or director of business, economic development, and
6 tourism, as appropriate.

7 SECTION 10. All deeds, leases, contracts, loans,
8 agreements, permits, or other documents executed or entered into
9 by or on behalf of the department of accounting and general
10 services, pursuant to the provisions of the Hawaii Revised
11 Statutes, that are reenacted or made applicable to the
12 department of business, economic development, and tourism by
13 this Act shall remain in full force and effect. Upon the
14 effective date of this Act, every reference to the department of
15 accounting and general services or the comptroller therein shall
16 be construed as a reference to the department of business,
17 economic development, and tourism or the director of business,
18 economic development, and tourism, as appropriate.

19 SECTION 11. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$ or so
21 much thereof as may be necessary for fiscal year 2026-2027 for



1 the establishment of one full-time equivalent (1.0 FTE)
2 administrator position within the administrative services office
3 of the department of business, economic development, and tourism
4 to assist with the transfer.

5 The sum appropriated shall be expended by the department of
6 business, economic development, and tourism for the purposes of
7 this Act.

8 SECTION 12. There is appropriated out of the general
9 revenues of the State of Hawaii the sum of \$ or so
10 much thereof as may be necessary for fiscal year 2026-2027 for
11 the establishment of one full-time equivalent (1.0 FTE)
12 administrator position within the state foundation on culture
13 and the arts to support the transition and a sustained future.

14 The sum appropriated shall be expended by the state
15 foundation on culture and the arts for the purposes of this Act.

16 SECTION 13. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 14. This Act shall take effect on July 1, 2026.



Report Title:

SFCA; King Kamehameha Celebration Commission; DAGS; DBEDT; Comptroller; Works of Art Special Fund; Transfer; Positions; Appropriation

Description:

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. Transfers the authority held by the Comptroller over the Works of Art Special Fund to the Director of Business, Economic Development, and Tourism. Appropriates funds for positions within the Administrative Services Office of the Department of Business, Economic Development, and Tourism and the State Foundation on Culture and the Arts. Effective 7/1/2026. (HD2)

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