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# 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 [~~controller~~] 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 full-time equivalent ( 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 full-time equivalent ( 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, 3000.



**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 7/1/3000. (HD3)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

