

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 601, H.D. 1

February 27, 2009

RELATING TO THE WORKS OF ART SPECIAL FUND

House Bill No. 601, H.D. 1, increases the amount of State fund appropriations for capital improvement construction costs for the Works of Art Special Fund from one to two percent and allows fifty percent of the fund to be used for capital improvement projects, purchase of facilities, and repair and maintenance of facilities dedicated to culture and arts.

We oppose this bill because it will increase the costs of capital improvement projects and it is unnecessary to support the Art in Public Places Program and the Hawaii State Art Museum. In Fiscal Year 2008, the one percent earmarked to the Works of Art Special Fund generated revenues of over \$4 million with expenditures of about \$3 million. The increase in appropriation to two percent could increase capital improvement project costs by \$4 million.

The Works of Art Special Fund balance was \$7 million in Fiscal Year 2008 and is projected to increase to about \$8 million by the end of Fiscal Year 2009.

LINDA LINGLE
GOVERNOR



RUSS K. SAITO
Comptroller

BARBARA A. ANNIS
Deputy Comptroller

**STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES**

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TESTIMONY
OF
RUSS K. SAITO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
FINANCE
ON
February 27, 2009

H.B. 601, H.D. 1

RELATING TO THE WORKS OF ART SPECIAL FUND

Chair Oshiro and members of the Committee, thank you for the opportunity to testify on H.B. 601, H.D. 1.

The Department of Accounting and General Services (DAGS) opposes this bill and has comments. This bill increases the Works of Art assessment from 1% to 2%. This doubles the amount of money taken away from the construction or renovation of State buildings. This bill also allows up to 50% of funds in the Works of Art Special Fund to be used for capital improvement projects, the purchase of facilities and the repair and maintenance of facilities dedicated to culture and arts. It also removes capital improvement projects, the purchase of facilities, and the repair and maintenance of facilities dedicated to culture and arts from the bill's Works of Art Special Fund's 2% transfer requirement.

DAGS' opposition to this bill is based on its doubling of the Works of Art assessment from 1% to 2%. That reduces the amount of money available to construct or renovate State buildings too greatly.

DAGS understands the need to fund the repair and maintenance of State buildings, as well as to maintain facilities dedicated to culture and arts. DAGS' also understands that part of the Works of Art Special Fund is used to pay salaries and other personnel costs of State Foundation on Culture and the Arts (SFCA) employees. Any expenditure out of the Works of Arts Special Fund should first cover all of the SFCA personnel and related costs. The money that remains in the fund after the salaries and related expenses are covered, may be used for works of art, capital improvement projects, the purchase of facilities and the repair and maintenance of facilities dedicated to culture and arts, with the remainder going to the Art in Public Places Program. DAGS believes that these expenditures should come from the Works of Arts Special Fund into which 1%, not 2% applicable capital improvement appropriations are transferred.

DAGS believes that the Art in Public Places Program and the Hawaii State Art Museum perpetuate and showcase public and contemporary local art, promote educational and cultural programs, and demonstrate government's investment in the creativity and vision of its people. The use of monies in the fund for capital improvement projects, the purchase of facilities and the repair and maintenance of facilities dedicated to culture and arts should not be allowed to threaten the vitality of the Art in Public Places Program and the Hawaii State Art Museum.

Thank you for the opportunity to testify on this matter.



AIA Hawaii State Council

A Council of The American Institute of Architects

FIN
2.27.09
3:00 pm (Agenda #6)

February 27, 2009

Honorable Marcus Oshiro, Chair
House Committee on Finance

Re: **House Bill 601 HD 1**
Relating to the Works of Art Special Fund

Dear Chair Oshiro and Members of the Committees,

My name is Daniel Chun, Government Affairs Chair of the American Institute of Architects (AIA). AIA is **OPPOSED** to HB 601 HD1 that revises the current Art in Public Places Program.

Increasing the "earmark" from one percent to two percent.

The current one percent is a transfer from the budget allocated for building construction, a transfer that AIA was instrumental in passing into law and that we continue to support. Increasing the transfer to two percent overly reduces our building budgets. If the Legislature agrees to a commensurate increase in construction budgets, we can remove our objection to this increase in the transfer.

Allowing transfers for CIP projects, purchase of facilities, and for repair and maintenance of facilities dedicated to culture and the arts

The proposed use of monies for this purpose "... should not be allowed to threaten the vitality of the current Art in Public Places Program ..." as well-expressed in the Lingle Administration's testimony of February 7, 2009. The currently modest revenues transferred to the Program are needed for the original purpose of the Program as envisioned by Alfred Preis, a Fellow of the American Institute of Architects and first Director of the SFCA.

If the Legislature wants to support other facilities dedicated to culture and the arts, you should fund these as separate appropriations. Some of these facilities also have the better ability to raise private funds for these purposes.

AIA requests that you hold this bill in Committee. Thank you for this opportunity to present testimony **OPPOSING** HB 601 HD 1.

Daniel Chun, Fellow
The American Institute of Architects