



**STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P.O. BOX 119
HONOLULU, HAWAII 96810-0119**

TESTIMONY
OF
RUSS K. SAITO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
TOURISM, CULTURE, & INTERNATIONAL AFFAIRS
ON
March 16, 2009
S.B. 602, S.D. 2

RELATING TO THE ARTS

Chair Manahan and members of the Committee, thank you for the opportunity to testify on S.B. 602, S.D. 2.

The Department of Accounting and General Services (DAGS) opposes and has concerns about S.B. 602, S.D.2. Our concern relates to this bill's provision which amends Section 103-8.5, Hawaii Revised Statutes, to authorize the use of funds from the Works of Art Special Fund State to acquire, display, maintain and restore works of art, for the Bernice P. Bishop Museum and the Iolani Palace.

The Works of Art Special Fund currently supports the Art in Public Places Program and Hawaii State Art Museum. It is used to acquire predominantly contemporary art and to support living local artists. The collections of the Bernice P. Bishop Museum and the Iolani Palace differ dramatically from the State Art Collection. Although DAGS supports the intent of the legislation to provide additional funding for 000028

these older collections, these monies should come from a different source more focused on acquiring historic, archival pieces of art. If such sources of funding are sought, DAGS requests that it not take away from any programs in the Administration's budget submittal.

Furthermore, DAGS opposes this bill's proposal to use money in the Works of Art Special Fund for items that are not works of art in their native forms. By doing so, this bill would decrease the amount of funding for the Art in Public Places Program.

Providing funding for performing arts may be an artistically and culturally worthwhile objective. However, DAGS has concerns that performing arts, even when translated to electronic imaging, do not fit the criteria of permanent art that was intended to be funded by an assessment against Capital Improvement Projects for State new building construction and major building renovations. DAGS believes that funding for the performing arts should come from another source, and that if such funding is sought, that it not adversely affect any programs in the Administration's Biennium Budget submittal.

Thank you for the opportunity to testify on this matter.

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AIA Hawaii State Council

A Council of The American Institute of Architects

TCI
3.16.09
8:30 am

March 16, 2009

Honorable Joey Manahan, Chair
House Committee on Tourism, Culture, & International Affairs

Re: **Senate Bill 602 SD 2**
Relating to the Arts

Dear Chair Manahan and Members of the Committee,

My name is Daniel Chun, Government Affairs Chair of the American Institute of Architects (AIA). AIA is **OPPOSED** to SB 602 SD 2 that revises the current Art in Public Places Program.

Page 4 lines 4 through 7 Works of art for Bishop Museum and Iolani Palace

The current one percent is a transfer that AIA was instrumental in passing into law and that we continue to support. There seems to be a misconception that this one percent is a surcharge upon construction. Instead it is a deduction from building budgets that we architects are supposed to be controlling.

The law's intent is to enhance NEW public construction and renovation with NEW works of art contemporaneous with a building's architectural design. So AIA is opposed to diverting Program funds for otherwise worthy purposes.

Page 6 lines 6 through 9 Defines "works of art" to include live performances

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 for similarly-worded House Bill 602.

It is amazing to architects how this legislature would approve using bond funds to support the activities listed on Page 6. A bond is a commitment for future generations to pay for an improvement that they themselves will be using in their lifetimes. Buildings, with expected long service lives, are perfectly suitable for bond funding. Would anyone take out a home mortgage to pay for a live performance at the housewarming party?

If you want to support other culture and arts activities, these can be separate appropriations or from other funds such as the transient accommodation tax. Some private organizations also have the better ability to raise private funds, such as ticket fees, for performance programs. By its nature permanent public art cannot do this.

I have represented Hawaii's architects at the state legislature for many years. These attempts at diverting bond funds for live performances periodically recur in each recession, only to be wisely held in committee. Thank you for the opportunity to **OPPOSE** SB 602 SD 2.

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BISHOP MUSEUM

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March 13, 2009

**TO: Representative Joey Manahan, Chair
Representative James Kunane Tokioka, Vice Chair
House Committee on Tourism, Culture, & International Affairs**

**FR: Bishop Museum
Timothy Johns, President & CEO**

**RE: Committee on Tourism, Culture, & International Affairs
Tuesday, March 16, 2009; 8:30 a.m. Rm. 312
Support of SB 602, SD2 Relating to the Arts**

Bishop Museum supports SB 602, SD2, which authorizes use of bond proceeds deposited into the State's works of art special fund to support operations of culture and art organizations; and provide financial assistance for Bishop Museum and Iolani Palace for costs associated with works of arts.

Founded in 1889, Bishop Museum's mission is "to study, preserve and tell the stories of the cultures and natural history of Hawai'i and the Pacific." As the State Museum of Natural and Cultural History, we have a responsibility to be stewards of the priceless treasures of the host culture. Bishop Museum's founding collection includes the family heirlooms held by Princess Pauahi, Princess Ruth, and Queen Emma. Today, our cultural collection includes objects from Hawai'i and the Pacific. Our library and archives house Hawaiian Kingdom documents, Hawaiian language newspapers, among other valuable historical information, and an art collection of paintings and etchings of Hawai'i.

The State has already recognized the historical significance and important role of Iolani Palace and Bishop Museum as caretakers for Hawai'i's heritage. Bishop Museum's collections impart knowledge of the Native Hawaiian people – their culture, their values, and their history. Cultural practitioners, teachers, students, and families visit Bishop Museum because we are a resource to learn about Hawaiian history and culture. There are 56,000 people in our membership program who participate in Bishop Museum events and activities.

Bishop Museum also offers tourists an opportunity to learn what makes Hawai'i uniquely special from any other state in the union and from any other place in the world. It is one of the greatest

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attractions for the state's Asian visitors and a top attraction for mainland tourists. Over 300,000 visitors come to Bishop Museum annually.

In this rapidly changing world, it is more important than ever that we remember what makes Hawai'i so special and unique. Passage of this bill will allow our institutions to further our work – to care for our collections and historical buildings – and that in turn allows us to continue as Hawaiian ambassadors to the community and the world.

As you know, earlier this year, Bishop Museum was forced to make cutbacks and underwent a restructuring effort to better ensure the Museum's sustainability and long-term growth. Because of the challenging economic climate facing our State, the community, and especially non-profits in Hawaii, the Museum's restructuring included a reduction in staff by 14 positions. The staff reductions included management and non-management personnel, and represented approximately 6% of the Museum's staff.

Bishop Museum strives to stay true to its mission. This means making sure that the hard working individuals who work to achieve this remain employed.

If passed, this measure would allow financial assistance to Bishop Museum and 'Iolani Palace by providing a funding source via the special art fund. While this is not a conventional funding mechanism, Bishop Museum is actively searching all avenues of funding that may be or become available. It is also important to note that we continue to work on efforts to cut costs in ways that do not threaten our operations.

Thank you for this opportunity to testify in support of SB 602, SD2.

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Amy Luke

From: Kiersten Faulkner [Kiersten@historichawaii.org]
Sent: Sunday, March 15, 2009 10:50 AM
To: TCItestimony
Subject: Support of SB602 SD2, Relating to the Arts

To: Rep. Joey Manahan, Chair
Rep. James Kunane Tokioka, Vice Chair
Committee on Tourism, Culture & International Affairs

From: Kiersten Faulkner
Executive Director, Historic Hawai'i Foundation

Committee Date: Monday, March 16, 2009
8:30 a.m.
Conference Room 312

Subject: **Support of SB602 SD2, Relating to the Arts**

On behalf of Historic Hawai'i Foundation (HHF), I am writing to support SB602 SD2, which would allow expenditures from the works of art special fund for acquisition, display and restoration of works of art for 'Iolani Palace and Bishop Museum.

HHF also recommends that the bill be amended to state explicitly that the funds may also be used for the upkeep, maintenance, repair, and restoration of historic buildings. For both 'Iolani Palace and Bishop Museum, historic structures are the most significant components of the collections and should be treated with the same care and respect as the artworks and artifacts.

HHF supports efforts to preserve and protect the historic and cultural resources of the Hawaiian Islands. 'Iolani Palace and Bishop Museum are important institutions that protect, preserve and interpret collections that tell the rich history and storied legacy of Hawai'i. The historic buildings that house these collections are also fundamental to understanding and celebrating Hawai'i's past and making it accessible and relevant to present and future generations.

By extending the works of art special fund to support the palace and the museum, these two institutions will have greater financial resources to support their important work. Many additional members of the public—both visitors and kama'āina—will be able to enjoy these special places. This is an appropriate use of the works of art special fund, and will greatly increase the numbers of people with access to products from the fund.

Besides being a public benefit in its own right, the investment in these important historic and cultural resources will also serve a general economic development goal. In a study into the economic benefits of historic preservation completed last year, HHF found that improving historic resources attracts cultural heritage tourism. The National Trust for Historic Preservation lists the economic benefits of heritage tourism as creation of jobs, increased tax revenues, diversification of the local economy, opportunities for public-private partnerships, increasing historic attraction revenues, preserving local traditions and culture, generating local investment in historic resources, and building community pride in its heritage. A 2002 study by the Travel Industry Association of America reported that heritage and cultural tourists consistently stay in a place longer and spend more money than other types of travelers.

Since 1974, Historic Hawai'i Foundation has been a statewide leader for historic preservation. HHF works to preserve Hawai'i's unique architectural and cultural heritage and believes that historic preservation is an important element in the present and future quality of life, economic viability and environmental sustainability of the state. HHF's policy and practice is to follow strict procedures on conflicts of interest for its board members and staff. HHF's board president has not participated in developing the organization's position or testimony on this matter due to his position as president of Bishop Museum.

Kiersten Faulkner, AICP
Executive Director

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TESTIMONY OF
LORI V. THOMAS

HOUSE COMMITTEE ON TOURISM, CULTURE
AND INTERNATIONAL AFFAIRS

ON
March 16, 2009

S. B. 602, SD 2

RELATING TO THE ARTS

Chair Manahan and members of the committee, I am Lori Thomas, chairperson of the Hawaii State Foundation on Culture and the Arts Commission and I am testifying as an individual. Thank you for the opportunity to testify before you on S. B. 602, SD 2.

The one percent for art law enacted in 1967 and the Works of Art Special Fund established in 1989 have long been the cornerstones of the State Foundation on Culture and the Arts' (SFCA) support for the visual arts. Over the years, the Art in Public Places Program has grown in curatorial integrity, programmatic value and the professional expertise of its staff. Today, the Art in Public Places Program is a model for at least 24 other state public art programs in the country and more than 300 public art programs at the federal, state and county levels. The basis for the one percent for art law is that art humanizes and beautifies the built environment. Art completes the architectural plan of a building and enhances the aesthetic vision of the design team. The law, in effect, reinforces the intrinsic relationship between the architect's creativity and how the building functions for the benefit of the public, not as a static construction, but as an aesthetic, educational and humanitarian statement.

The fact that more bond proceeds may be directed to the special fund as the result of the state's proposed economic stimulus package is welcomed with caution. Revenues

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from construction and renovation of state buildings have averaged \$2.8 million per year over the last 18 years. Not all repair and maintenance projects are assessed the 1% amount and therefore do not result in revenues to the fund.

Expenses for the fund have averaged approximately \$2.5 million per year, well below our \$4.4 million budget ceiling. This is due to a purposeful effort to manage the fund carefully in accordance with average yearly revenues.

Although I support the intent of the legislation to provide additional funding for the collections of the Bishop Museum and 'Iolani Palace, revising the Works of Art Special Fund compromises the ability of the SFCA to maintain, conserve and grow the State Art Collection. The intent of Section 103-8.5, HRS would also be compromised in that direct funding to 'Iolani Palace and the Bishop Museum denies adherence to art as an aesthetic component to the architecture of a building. Moreover, the collections of 'Iolani Palace and the Bishop Museum differ dramatically from the State Art Collection.

More than \$1 million of the Special Fund is currently dedicated to staff salaries for the Art in Public Places Program, Hawaii State Art Museum, and beginning FY2010, 50% of the SFCA's three administrative positions. If the fund must absorb additional costs, fund revenues will be totally expended within 2 years, or sooner. This is likely to result in staff layoffs or significantly curtailing and compromising operations.

The SFCA, through its Biennium Grants Program, has been distributing approximately \$500,000 to performing arts projects in communities statewide on an ongoing basis. We realize that not all sources of funding are equal. May I suggest as an alternative to compromising the integrity of the Works of Art Special Fund, the Art in Public Places Program and the Hawaii State Art Museum, to undertake a study into

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alternative funding sources for the performing arts. This could possibly be applied to the Biennium Grants Program and its program areas of Arts Education, Community Arts, Heritage and Preservation, Presentation (that includes literary, visual and media arts), and Performing Arts. The intent of S. B. 602, SD 2 to enable the performing arts of Hawaii to thrive and prosper, especially during tough economic times, is commendable. However, crafting a new law by compromising the integrity of an existing one is not advisable because it pits supporters of one art form against another.

Thank you for your kind attention and for the opportunity to testify before you on this matter.

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