

LINDA LINGLE
GOVERNOR



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**STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES**
P.O. BOX 119
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WRITTEN TESTIMONY
OF
RUSS K. SAITO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
FINANCE
ON
March 3, 2009

H.B. 963, 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. 963, H.D. 1.

The Department of Accounting and General Services (DAGS) has concerns about this bill, which amends Sections 6E-35, 6E-40, and 103-8.5, Hawaii Revised Statutes, to allow the State of Hawaii Museum of Monarchy History (Friends of 'Iolani Palace) and the Bernice P. Bishop Museum to receive funds from the Works of Art Special Fund.

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

additional funding for these older collections, these monies should come from a different source more focused on acquiring historic, archival pieces of art.

Thank you for the opportunity to testify on this matter.



IOLANI PALACE

PH (808) 522-0822 FAX (808) 532-1051

TESTIMONY OF KIPPEN DE ALBA CHU

COMMITTEE ON FINANCE
Representative Marcus Oshiro, Chair
Representative Marilyn Lee, Vice Chair

Tuesday, March 3, 2009
6:30 pm / Agenda #10

HB 963 HD1

Chair Oshiro, Vice Chair Lee, and members of the Committee, thank you for this opportunity to testify **in strong support** of House Bill 963.

In the spirit of collaboration and cooperation, both The Friends of Iolani Palace and Bishop Museum have come together to seek dedicated funding from the State. This measure before you is one such proposal.

This Committee's consideration of HB 963 should focus primarily on the similarities between all three institutions: the Hawaii State Art Museum, Bishop Museum, and The Friends of Iolani Palace. Indeed, all three are designated as official state museums within the Hawaii Revised Statutes, and Bishop Museum and Iolani Palace could use monies from the Works of Art special fund for operational expenses, something which HiSAM is authorized to do at the present time.

While the scope and focus of our collections may differ, all three institutions hold such items in the public trust because of their significant value to the culture of Hawaii.

Thank you again for allowing us to testify in full support of this measure.



BISHOP MUSEUM

1525 Bernice Street • Honolulu, HI 96817 • Ph: (808)847-8274 • Fax (808) 841-8968

March 1, 2009

**TO: Representative Marcus Oshiro, Chair
Representative Marilyn Lee, Vice Chair
House Committee on Finance**

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

**RE: Committee on Finance
Tuesday, March 3, 2009; 6:30 p.m. Rm. 308
Support of HB 963 Relating to Works of Art Special Fund**

Bishop Museum strongly supports HB 963, which allows expenditures from the special art fund to be used for Bishop Museum and 'Iolani Palace for the acquisition, care, and display of art and artifacts, as well as for the repair and maintenance of historical buildings.

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 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 manner in looking for funds, 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 HB 963.

HISTORIC HAWAII FOUNDATION

VIA WEB: www.capitol.hawaii.gov/emailtestimony

To: Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair
Committee on Finance

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

Committee Date: Tuesday, March 3, 2009
6:30 p.m.
Conference Room 308

Subject: **Support of HB963, HD1, Relating to Works of Art Special Fund**

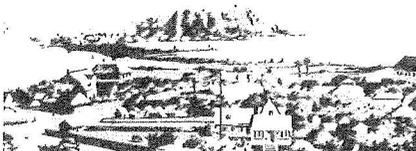
On behalf of Historic Hawai'i Foundation (HHF), I am writing to support HB963, HD1, which would allow expenditures from the works of art special fund for costs related to the acquisition, display, disposal, upkeep, maintenance, repair, and restoration of works of art, artifacts or historic buildings for 'Iolani Palace and Bishop Museum.

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 of art and artifacts 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.



TESTIMONY OF
LORI V. THOMAS

HOUSE COMMITTEE ON FINANCE
ON
March 3, 2009

H. B. 963, HD 1

RELATING TO WORKS OF ART SPECIAL FUND

Chair Oshiro and members of the committee, I am Lori Thomas, chairperson of the Hawaii State Foundation on Culture and the Arts and I am testifying today as an individual. Thank you for the opportunity to testify before you on H. B. 963, HD 1, which I oppose.

This bill, which amends sections 6E-35, 6E-40, and 103-8.5, Hawaii Revised Statutes, to allow the State of Hawaii Museum of Monarchy History (Friends of 'Iolani Palace) and the Bernice P. Bishop Museum to receive funds from the Works of Art Special Fund. This Special fund currently supports the Art in Public Places Program and Hawaii State Art Museum, which are administered by the SFCA of the Department of Accounting and General Services (DAGS).

The Works of Art Special Fund was established in 1989 to ensure the beautification and aesthetic value of the built environment through the placement of art as part of the architectural plan for the building and to curate the collection of acquired pieces. The collections of 'Iolani Palace and the Bishop Museum differ dramatically from the State Art Collection, which is predominantly contemporary and acquired to support living local artists, thereby contributing to the economic vitality of the state.

Although I support the intent of the legislation to provide additional funding for these older collections, 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 directing funds to 'Iolani Palace and the Bishop Museum denies adherence to art as an aesthetic component to the architecture of a building.

Moreover, the SFCA administers its fund expenditures carefully, with more than \$1 million dedicated to staff salaries for the Art in Public Places Program, Hawaii State Art Museum, and beginning FY2010, 50% of its three administrative positions. If the fund must absorb additional costs, fund revenues will be totally expended within 2 years. This may result in staff layoffs or significantly curtailing operations.

Thank you for the opportunity to testify on this matter.