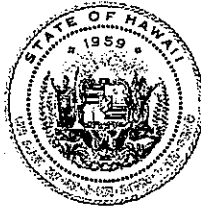
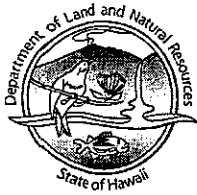


NEIL ABERCROMBIE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
WILLIAM J. AILA, JR.
Chairperson**

**Before the House Committee on
FINANCE**

**Friday, April 4, 2011
5:00 PM
State Capitol, Conference Room 308**

**In consideration of
SENATE BILL 333, SENATE DRAFT 3, HOUSE DRAFT 1
RELATING TO HISTORIC PRESERVATION**

Senate Bill 333, Senate Draft 3, House Draft 1 proposes to deposit one per cent (1%) of all state capitol improvement funds into the Hawaii Historic Preservation Special Fund (Fund) specifically for the operations of the Department of Land and Natural Resources' (Department) State Historic Preservation Division and the routine maintenance of Iolani Palace, Washington Place, the Bishop Museum, and Mauna Ala. The Department supports this measure to restore and preserve of important heritage assets.

WILLIAM J. AILA, JR.
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

GUY H. KAULUKUKUI
FIRST DEPUTY

WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 333, S.D. 3, H.D. 1

APRIL 4, 2011

RELATING TO HISTORIC PRESERVATION

Senate Bill No. 333, S.D. 3, H.D. 1, requires one per cent (1%) of all state funded appropriations designated for the construction and renovation of state buildings to be deposited into the Hawaii historic preservation special fund; adds the costs related to site modifications, display, and interpretive work necessary to enhance the visitor experience for the Bernice Pauahi Bishop Museum, Iolani Palace, Washington Place and Mauna Ala to the uses of the fund; and requires reports to the Governor and legislature.

The Department has a technical comment on this bill.

Federal tax regulations allow the use of tax-exempt bond proceeds to finance capital expenditures and prohibit the use of tax-exempt proceeds to fund operating expenses, except under limited circumstances. The 1% of all state funded appropriations for capital improvement projects to be transferred into the Hawaii historic preservation special fund is problematic as Chapter 6E, HRS, allows the monies in the Hawaii historic preservation special fund to be expended for administrative and operational expenses. As the State generally issues tax-exempt general obligation bonds to fund capital improvement projects, the use of these tax-exempt proceeds for operating expenses is prohibited. In order to assure compliance with the federal

requirements, the Department recommends that the one percent (1%) be deposited into a newly created special fund to be used solely for capital improvement projects to enhance the visitor experience for the Bernice Pauahi Bishop Museum, Iolani Palace, Washington Place, and Mauna Ala.

NEIL ABERCROMBIE
GOVERNOR



BRUCE A. COPPA
Comptroller

RYAN OKAHARA
Deputy Comptroller

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

TESTIMONY
OF
BRUCE A. COPPA, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
FINANCE
ON
April 4, 2011

S.B. 333, S.D. 3, H.D. 1

RELATING TO HISTORIC PRESERVATION

Chair Oshiro and members of the Committee, thank you for the opportunity to testify on S.B. 333, S.D. 3, H.D. 1.

The Department of Accounting and General Services (DAGS) supports the intent of S.B. 333, S.D. 3, H.D. 1.

DAGS agrees that supporting the restoration and preservation of heritage assets such as Bernice Pauahi Bishop Museum, Iolani Palace, and Washington Place is of great importance.

However, DAGS has the following concerns:

In regards to Section 2 of the bill, DAGS has concerns with items (f) and (g). Item (f) will require staffing to provide information, training, and review to agencies for amounts required to be transferred. For both items (f) and (g) the Comptroller may not have support

information available for each agency because all allotment requests are not processed by DAGS.

DAGS defers to the testimony of the Department of Land and Natural Resources, Department of Budget and Finance, and the Attorney General in regards to any possible issues they may have with S.B. 333, S.D. 3, H.D. 1.

Thank you for the opportunity to testify on this matter.

HISTORIC HAWAII FOUNDATION

VIA WEB: <http://www.capitol.hawaii.gov/emailtestimony>

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

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

Committee Date: Monday, April 4, 2011
5:00 p.m.
Conference Room 308

Subject: **SB333 SD3 HD1, Relating to Historic Preservation**

On behalf of Historic Hawai'i Foundation (HHF), I am writing in support of SB333 SD3 HD1, Relating to Historic Preservation. The bill would require that one percent of state fund appropriations from construction and renovation of state buildings be deposited in the historic preservation special fund; and the purpose of the fund would be expanded to include site modifications, display, interpretive work and specific renovations and repairs for the Bishop Museum, 'Iolani Palace and Washington Place.

Since 1974, Historic Hawai'i Foundation has been a statewide leader for historic preservation. HHF's 850 members and numerous additional supporters work to preserve Hawaii's unique architectural and cultural heritage and believe that historic preservation is an important element in the present and future quality of life, economic viability and environmental sustainability of the state.

The historic, cultural and natural resources of Hawai'i are a great legacy and irreplaceable treasures. HHF strongly supports measures that lead to investments in Hawaii's historic places and that help keep their stories alive for present and future generations.

All three of the historic sites in the bill are designated as significant historic resources. Bishop Museum is on the historic register; Washington Place and 'Iolani Palace are both National Historic Landmarks, the highest level of historic significance and integrity. Each of these sites is an important icon for Hawai'i residents and visitors, adding to the enjoyment, education, and understanding of Hawaii's history and inspiration for the future. We support the effort to identify additional funding sources to help preserve, restore, enhance and celebrate these resources.

Historic Hawai'i Foundation

680 Iwilei Road, Suite 690 • Honolulu, HI 96817 • Tel: 808-523-2900 • FAX: 808-523-0800 • www.historichawaii.org

Historic Hawai'i Foundation was established in 1974 to encourage the preservation of historic buildings, sites and communities on all the islands of Hawai'i. As the 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, environmental sustainability and economic viability of the state.

HHF also supports the bill as a mechanism for enhancing the historic preservation special fund for the other purposes of the fund, including support for the state's overall historic preservation program.

The State Historic Preservation Division (SHPD) has been decimated over the past several years, with fewer than half of its approved positions filled, as well laboring under a severe reduction in the number of approved positions. The result has been a crisis for both protection of Hawaii's historic and cultural properties, and a severe slow-down in processing of private and public undertakings.

As a result of SHPD being unable to meet the requirements of the National Historic Preservation Act (NHPA), the federal government has placed the State on "high risk" status. If SHPD does not meet the terms of the corrective action plan by September 2012, the State's approval to act as a State Historic Preservation Office will be revoked. If that occurs, the State will no longer have the authority to provide review and approval of federal undertakings in Hawaii—including construction projects on federal land (e.g. Pearl Harbor, Schofield Barracks, National Parks); funding provided by a federal agency (e.g. Honolulu High Capacity Transit; Department of Transportation projects for highways, bridges, airports and harbors); or federal permits (e.g. Army Corps of Engineers, Environmental Protection Agency).

HHF strongly urges the legislature to support any and all mechanisms by which the SHPD can be restored to full functionality, to operate with professionalism, predictability and effectiveness.

Therefore, HHF recommends that SB333 SD3 HD1 be approved.

Historic Hawai'i Foundation

680 Iwilei Road, Suite 690 • Honolulu, HI 96817 • Tel: 808-523-2900 • FAX: 808-523-0800 • www.historichawaii.org

Historic Hawai'i Foundation was established in 1974 to encourage the preservation of historic buildings, sites and communities on all the islands of Hawai'i. As the 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, environmental sustainability and economic viability of the state.

Testimony to the House Committee on Finance
Hearing Date: Monday, April 4, 2011
5:00 p.m. – Conference Room 308

SB333, SD3, HD1: Relating to Historic Preservation

Thank you for this opportunity to testify in support of SB333, SD3, HD1 Relating to Historic Preservation, which requires one per cent of all state fund appropriations designated for the construction and renovation of state buildings to be deposited into the Hawaii Historic Preservation Special Fund; adds the costs related to site modifications, display, and interpretive work necessary to enhance the visitor experience for the Bernice Pauahi Bishop Museum, 'Iolani Palace, Washington Place, and Mauna Ala to the uses of the Fund; and requires reports to the governor and legislature (effective July 1, 2011).

Bishop Museum strongly supports SB333, SD3, HD1. Enactment of SB333, SD3, HD1 will allow Bishop Museum to make Hawai'i a better, more competitive destination, consistent with the strategic initiatives adopted by the Hawai'i Tourism Authority.

As the preamble to SB333, SD3, HD1 observes, a largely untapped advantage Hawai'i possesses in economic competition within the Pacific Basin is its own unique historic heritage. Ultimately, this bill is an investment in Hawai'i's economy and its future by preserving its past while instilling pride in residents and educating visitors in the present. Mary Kawena Pukui, Bishop Museum's sage of Hawaiian culture, taught, "*A'ohe pau ka 'ike i ka hālau ho'okahi – Not all knowledge is learned in school alone.*" As one of Hawai'i's premier institutions of art, culture and heritage, Bishop Museum exemplifies this adage. The edification afforded to visitors by Bishop Museum extends beyond the four corners of a classroom, reaching into the very past of Hawai'i and the Pacific. The funding allocated by SB333, SD3, HD1 will help perpetuate Bishop Museum's vital role in educating visitors about Hawai'i's unique and rich cultural makeup and storied past, while providing a sense of place, identity, and unity for residents.

Currently, the efficacy with which Bishop Museum fulfills its charge as the State of Hawai'i's Museum of Natural and Cultural History is under siege by the economic challenges of our times. The anticipated eradication of federal earmarks by Congress has severely compounded an already grave situation. This bill will not only provide the resources necessary for Bishop Museum to fulfill its charge; it will also provide work for Hawai'i's industries. In 2010, the Hawai'i State Legislature allocated to the Museum funds for a slate of capital improvement measures. Upon release by the prior Administration in the latter half of 2010, those funds were immediately put to use by Bishop Museum to improve its aging infrastructure, providing work for a number of local contractors and ancillary professionals.

SB333, SD3, HD1 exemplifies the State of Hawai'i's recognition of the fact that its history and culture becomes an even greater asset as its economic presence in the Pacific Basin continues to expand. The Bishop Museum, along with 'Iolani Palace and Washington Place

are entrusted with caring for that asset for the benefit of all of Hawai'i. Bishop Museum believes the proposed amendments on page 5, lines 15 through 19 (the comptroller and institutions deciding on what projects to pursue at their respective facilities) reflect *kokua* among the institutions, of working alongside each other, collaborating and supporting each other to achieve each institution's shared goals of preserving and portraying Hawai'i's storied past and rich culture.

This bill benefits Hawai'i's economy in the short-term by providing jobs. It benefits Hawai'i's economy in the long term by making Hawai'i a better, more competitive destination for business, relaxation, and especially cultural enrichment. And it benefits Hawai'i overall by reinforcing cultural connections and preserving elements of the past that are a source of pride and identity for our people.

Bishop Museum was founded in 1889 by Charles Reed Bishop in honor of his late wife, Princess Bernice Pauahi Bishop, the last descendent of the royal Kamehameha family. Bishop Museum is designated the State Museum of Cultural and Natural History and is a non-profit corporation with the mission to study, preserve and tell the stories of the cultures and natural history of Hawai'i and the Pacific.



IOLANI PALACE

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

TESTIMONY OF KIPPEN DE ALBA CHU

COMMITTEE ON FINANCE

Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

Monday, April 4, 2011
5:00 pm
Agenda #3

SB 333 SD3 HD1

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

The expansion of the existing historic preservation special fund to include restoration and preservation of Bishop Museum, Iolani Palace, Washington Place, and Mauna Ala recognizes our indigenous history and its importance in defining who we are today. Hawaii's uniquely complex artistic and cultural legacy from the time of the monarchy is enshrined in these three historic sites.

While not exclusive to these places, this legacy represents the adoption of Western visual forms to serve as emblems of an independent nation on equal status with colonial powers of that time. This 19th century trend, which occurred throughout the world, witnessed the creation of national museums, monuments, palaces, and stately residences that represented a formal, public expression of the character of a nation to its own citizens as well as to foreigners seeking political influence.

The State's support of Hawaii's artistic and cultural heritage, and especially our indigenous culture, is in everyone's best interest if we call the "Aloha State" our home.

Thank you.



April 4, 2011

Testimony in support of SB333 SD3 HD1, Relating to Government

Submitted to: The Committee on Finance

From: Kitty M. Simonds, President Maunaloa Hawaiian Civic Club

Aloha Representative Oshiro and members of the Committee on Finance,

Please accept this late testimony in support of SB333. The Bill proposes that one percent of all State fund appropriations designated for construction and renovation of state buildings be set aside in a State of Hawaii Historic Preservation Special Fund. Our unique places are deserving of care and maintenance, restoration and renovation. We appreciate the Legislature's initiative on this issue.

The Maunaloa Hawaiian Civic Club looks forward to proper consideration of our historic properties.

Maunaloa Hawaiian Civic Club
P.O. Box 240388, Aina Haina Station
Honolulu, Hawai'i 96824



Aha Kiolo Advisory Committee

TESTIMONY IN SUPPORT OF SB 333, SD 3, HD 1

Relating to Historic Preservation

Submitted to: Committee on Finance

April 4, 2011

5:00 p.m.

Room 308

Aloha Chair Oshiro, Vice-Chair Lee and Members of the Committee

My name is Charles Kapua and I am the Kiolo for the Island of O'ahu. Thank you for the opportunity to testify in support of S.B. 333, SD 3, HD 1, the bill that requires one per cent of all state fund appropriations designated for renovation of state buildings to be deposited into the Hawaii Historic Preservation Special Fund.

We support this bill and thank the Legislature for including the Mauna Ala Royal Mausoleum in this category. All of the identified historic places are worthy of special care and maintenance.

Thank you for the opportunity to testify in support of this important bill.

Charles Kapua, Kiolo, O'ahu

Aha Kiolo Advisory Committee

235 Komo Mai Drive, Pearl City, HI 96782

Phone: 808-479-3263, Email: leea030@hawaii.rr.com

ASSOCIATION OF HAWAIIAN CIVIC CLUBS
TESTIMONY IN SUPPORT OF
SB333 SD3 HD1

HOUSE COMMITTEE ON FINANCE
Monday; April 04, 2011; 5:00 pm; Room 308

Aloha Chairman Marcus Oshiro and members of the House Committee on Finance. The Association of Hawaiian Civic Clubs supports this bill that is meant to provide a small percentage of state appropriations to the Hawaii Historic Preservation Special Fund.

The funds could be used to site modifications, display and interpretive work necessary for four historic sites – Bernice Pauahi Bishop Museum, Iolani Palace, Washington Place and Mauna Ala-the Royal Mausoleum. We especially support the amendment that added Mauna Ala to this short list, understanding that it has recently received extensive repair and maintenance with a combination of federal grants and private funding. Funds designated in SB333 SD3 HD1 will help to keep Mauna Ala in its current excellent condition, rather than allowing it to reach disrepair as it had previously.

Hawaiian Civic Clubs of Oahu are on a regular schedule of cleaning and polishing the Chapel and the Kalakaua Crypt, of monitoring the overall conditions prevalent at Mauna Ala and conferring with Curator Maioho as to any special needs that he has identified.

Mahalo for the opportunity to submit testimony. We urge passage of this bill.

Contact: jalna.keala2@hawaiiantel.net