

STAND. COM. REP. NO. 561

Honolulu, Hawaii

FEB 19 2021

RE: S.B. No. 928
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 928 entitled:

"A BILL FOR AN ACT RELATING TO THE STATE FOUNDATION ON CULTURE AND THE ARTS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Allow the works of art special fund to be used for the support and promotion of performing arts in the State;
- (2) Include posting of a recording of performing art as a form of public display; and
- (3) Define performing arts.

Your Committee received testimony in support of this measure from the Hawai'i Arts Alliance and one individual. Your Committee received testimony in opposition to this measure from Ebb & Flow Arts, Inc.; Volcano Art Center; and seven individuals. Your Committee received comments on this measure from the Department of Budget and Finance; Department of Business, Economic Development, and Tourism; Department of the Attorney General; and State Foundation on Culture and the Arts.



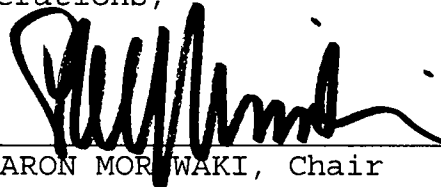
Your Committee finds that the works of art special fund is funded by tax-exempt general obligation bonds and therefore must be used for capital projects, not operating expenses. According to testimony received by your Committee, although the recording of works is a capital expenditure under the Internal Revenue Code and the Treasury Regulation, the showing or playback of the video or audio files recorded may be considered an operating expense and therefore use of the works of art special fund for such purposes could jeopardize the tax-exempt status of the State's general obligation bonds. Your Committee also notes that the State Foundation on Culture and the Arts has agreed to work with the Department of Budget and Finance and the Department of the Attorney General to look for ways to expand the uses of the works of art special fund.

Your Committee has amended this measure by:

- (1) Removing all references to the showing or playback of a recorded work of art or performance in public places; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 928, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 928, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Government
Operations,

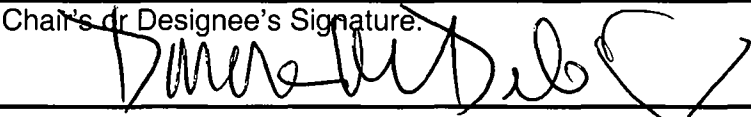


SHARON MORIWAKI, Chair



The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:*	Committee Referral:	Date:
SB 928	GVO, WAM	8/16/21
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is:		
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
Nay	Excused	
MORIWAKI, Sharon Y. (C)	/	
DELA CRUZ, Donovan M. (VC)	/	
CHANG, Stanley	/	
GABBARD, Mike	/	
FEVELLA, Kurt	/	
TOTAL	5	
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
		
Distribution:		
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency
		Goldenrod Committee File Copy

*Only one measure per Record of Votes