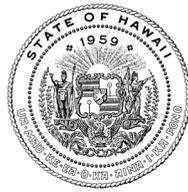


JOSH GREEN, M.D.  
GOVERNOR



LUIS P. SALAVERIA  
DIRECTOR

SABRINA NASIR  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

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ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT

**WRITTEN ONLY**  
TESTIMONY BY LUIS P. SALAVERIA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON WATER & LAND  
ON  
HOUSE BILL NO. 1163

**February 7, 2023**  
**9:30 a.m.**  
**Room 430 and Videoconference**

RELATING TO THE HAWAII HISTORIC PRESERVATION SPECIAL FUND

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 1163, among other amendments: 1) requires the Legislature to appropriate “. . . an amount equal to \_\_\_\_\_ per cent of the moneys appropriated for capital improvement projects in a given year” for deposit into the Historic Preservation Special Fund; and 2) expands use of the fund to include “to repair, maintain, and preserve historic properties, as defined in this chapter, except properties maintained through a separate, dedicated funding source.”

B&F notes that the appropriation requirement is unclear because it does not specify what type of funds are to be appropriated, nor does it specify what “moneys appropriated for capital improvement projects in a given year” are to be used as the benchmark (i.e., general obligation bond funds, revenue bond funds, federal funds, or the total of all CIP funds appropriated). As an example, for FY 23, CIP appropriations totaled \$1.55 billion in general obligation bond funds, \$1.01 billion in revenue bond

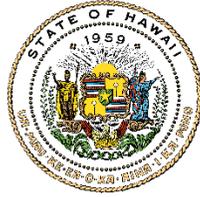
funds, \$1.30 billion in federal funds (N funds) and \$4.23 billion for all means of financing.

It should also be pointed out that the expanded use of the fund could mean that State funds could be used to repair, maintain, and preserve private as well as State and county buildings. "Historic property" under the Section 6E-2, HRS, definition means "any building, structure, object, district, area, or site, including heiau and underwater site, which is over fifty years old."

Thank you for your consideration of our comments.

**JOSH GREEN, M.D.**  
GOVERNOR | KE KIA'ĀINA

**SYLVIA LUKE**  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'  
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**M. KALEO MANUEL**  
DEPUTY DIRECTOR - WATER

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

**Testimony of  
DAWN N. S. CHANG  
Chairperson**

**Before the House Committee on  
WATER & LAND**

**Tuesday, February 7, 2023  
9:30 AM**

**State Capitol, Conference Room 430 Via Videoconference**

**In consideration of  
HOUSE BILL 1163  
RELATING TO THE HAWAII HISTORIC PRESERVATION SPECIAL FUND**

House Bill 1163 proposes to clarify that the Hawaii Historic Preservation Special Fund may be used to repair and maintain historic government properties, except properties maintained through a separate, dedicated funding source. **The Department of Land and Natural Resources (Department) understands the intent of this measure but must respectfully oppose it.**

House Bill 1163, SECTION 3 amends Section 6E-16, Hawaii Revised Statutes (HRS), to specify that a blank percentage of funds appropriated for capital improvement projects shall be deposited in the Hawaii Historic Preservation Special Fund (Fund). The Department appreciates such an appropriation to the Fund is intended to contribute to the restoration, preservation, and continuing use of structures such as Iolani Palace, the State Capitol and other historic government owned structures. As well as promoting adoption of the long-term planning, budgeting, and preservation standards used to preserve privately held historic sites.

The Department strongly supports the restoration, preservation, and continuing use of the historic buildings owned by the state. The individual agencies, as property "owners" are responsible for obtaining capital improvement appropriations projects. They should be seeking funding through the annual appropriations process. It is unclear how the use of the Fund promotes this goal or how it would be superior to the currently established capital improvement budgeting process.

House Bill 1163 also amends Section 6E-16 (b) HRS, transferring management of the Fund from the Department to the comptroller, "with an advisory group comprising:

- (1) The department chairperson;
- (2) The state historic preservation officer; and

- (3) Preservation experts who shall be selected and invited to participate by the department director.”

House Bill 1163, SECTION 3 further amends Section 6E-16(c) HRS, authorizing the comptroller to expend funds from the Fund “To repair, maintain, and preserve historic properties, as defined in this chapter, except properties maintained through a separate, dedicated funding source.”

These amendments remove authority for budgeting, management, utilization of the Fund from the Department transferring that authority to the comptroller and an advisory group. It adds the purposes maintenance and preservation of state-owned historic structures to the list of the existing uses of the Fund. Those existing authorized uses, set forth in Section 6E-16(c)(1), HRS, For permanent and temporary staff; (2) To replenish goods; (3) to produce public information materials; ... (5) To cover administrative and operation costs of the historic preservation program; are all integral to and critical to the functioning of the historic preservation program in the Department. House Bill 1163 would be dependent on the budget development process, funding approval and allocation of the Department of Accounting and General Services (DAGS). Use, obligation, and expenditure of those Funds would be subject to the comptroller’s decision, not the chair.

The historic preservation program is dependent on the moneys in the Fund. There are currently 3 full-time, permanent staff in the Department’s State Historic Preservation Division (SHPD) paid out of the Fund. In addition, SHPD pays many routine operating expenses out of the Fund, such as phone service, postage, paper & other office supplies, etc. The Fund includes appropriations made for other SHPD operational purposes specified by the Legislature during the budget process. Those moneys can only be expended to support those purposes. The Department notes that last year, the current year’s approved SHPD general fund budget includes only \$10,000 for general operational expenses, after personnel costs, and costs of the various specific operating expenses, appropriated as individual line items. Loss of the Fund to cover operating expenses would cripple the state historic preservation program.

The Department fully supports the preservation, restoration, rehabilitation, maintenance, and continuing use of state-owned historic buildings. The Department agrees that the implementation of long-term planning and budgeting approach is the best way to do that. It possible that placing a designated percentage of the total appropriated for capital improvement into a special fund may be the most appropriate way to achieve this goal. The Department is convinced that adding that as a line item to the Fund is not the best way to achieve the goal of rehabilitating and continuing to use historic buildings. Transferring the Fund to DAGS will have immediate, and severe adverse consequences on SHPD’s ability to function. Finally, the Department believes that integration of the long-term planning approach and a specific focus on historic structures described in this measure within in the state’s existing capital improvement budget will achieve this goal, while without the serious deleterious effects on SHPD’s ability to function as envisioned in Chapter 6E, HRS.

The Department urges the committee to hold House Bill 1163.

Mahalo for the opportunity to provide testimony in opposition of this measure.

# HISTORIC HAWAII FOUNDATION

**TO:** Representative Linda Ichiyama, Chair  
Representative Mahina Poepoe, Vice Chair  
Committee on Water and Land (WAL)

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

**Committee:** Thursday, February 7, 2023  
9:30 a.m.  
Via Video Conference and Conference Room 430

**RE: HB 1163, Relating to the Hawai'i Historic Preservation Special Fund**

On behalf of Historic Hawai'i Foundation (HHF), I am writing with **support for HB 1163**. The bill would allow the Hawai'i historic preservation special fund to be used as a funding source to repair and maintain historic government buildings, and would provide a mechanism for receiving preservation funding from non-state sources in order to preserve and maintain the State's historic properties.

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

Some of the most significant historic properties in Hawai'i are under the jurisdiction and stewardship of the State. These places are icons for both residents and visitors, adding to the enjoyment, education and understanding of Hawai'i's history and inspiration for the future.

Some of the many historic buildings that bring enjoyment and understanding about Hawai'i's history, architecture and culture include Iolani Palace and Hulihe'e Palace (both owned by the State and managed through partnerships with nonprofit organizations); Mauna Ala Royal Mausoleum; Washington Place; No. 1 Capital Place; Aloha Tower; and the State Capitol itself.

These and other properties need regular maintenance and care, with special attention to the character-defining features that convey the historic significance and that often need special materials or skilled craftsmanship. A dedicated and diversified funding source would allow for the appropriate stewardship and long-term sustainability of these public assets.

HHF supports effort to identify additional funding sources to help preserve, restore, enhance and celebrate these resources.