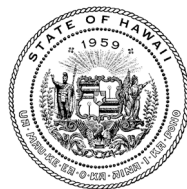


JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

STATE OF HAWAII'
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

HONOLULU, HAWAII'1 96809
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**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 2438, H.D.3, Relating to the Hawaii Cultural Trust

BEFORE THE:

Senate Committees on Economic Development and Tourism, Water, Land, Culture and the Arts, and Transportation

DATE: Wednesday, March 25, 2026

TIME: 1:00 p.m.

LOCATION: State Capitol, Room 224

Chairs DeCoite, Lee, and Inouye, Vice-Chairs Wakai, Inouye, and Elefante, and Members of the Committees:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 2438, H.D.3, for your consideration.

Section 2 of H.B 2438, H.D.3, adds a new part to chapter 201 of the Hawaii Revised Statutes (HRS), to create a Hawaii Cultural Trust within the Department of Business, Economic Development, and Tourism, to be administered by a new Hawaii Cultural Trust Coordinator. A new Hawaii Cultural Trust Account is also established, to be administered by the Hawaii Cultural Trust and a new Hawaii Cultural Trust Advisory Committee.

The primary purpose of the Hawaii Cultural Trust is to support organizations providing cultural programs, services, or education that promotes the arts, Native Hawaiian culture, history and heritage preservation, and humanities and cultural literacy. These efforts include activities such as visual and performing arts, language

and cultural perpetuation, historic site preservation, and community-based storytelling and research.

Section 3 of H.B. 2438, H.D. 3, amends chapter 235, HRS, to create a nonrefundable income tax credit with no credit carry forward. To claim the credit, a taxpayer is required to make contributions during the taxable year to *both* the new Hawaii Cultural Trust, *and* one or more qualified Hawai'i cultural organizations. The credit amount is equal to the lesser of either the taxpayer's total contribution to the new Hawaii Cultural Trust, or the total contributions to qualifying Hawaii cultural organizations during the taxable year.

Additionally, the bill sets maximum allowable credit caps per taxpayer, per taxable year of \$2,500 for a corporation, \$1,000 for taxpayers filing a joint return, and \$500 for all other taxpayers.

A qualified Hawaii cultural organization is defined as an organization that:

- is organized and operating in the State under 501(c)(3) of the Internal Revenue Code;
- is registered and in good standing with the Department of the Attorney General under chapter 467B, HRS;
- has the primary purpose of providing cultural programs, services, or education that advances 1) arts and arts education, 2) Native Hawaiian culture language, 'ike kupuna, cultural practice, and cultural perpetuation, 3) history, heritage, and preservation, or 4) humanities and cultural literacy;
- meets any additional criteria established by administrative rules; and
- is not primarily organized for religious worship, political campaign activity, or lobbying, not primarily a private foundation under section 509(a) of the Internal Revenue Code and is an organization in good standing under State law.

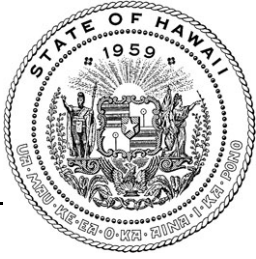
Section 3 of H.B. 2438, H.D.3, further instructs the State Foundation on Culture and the Arts to work with the Office of Hawaiian Affairs to maintain a list of qualified Hawai'i cultural organizations for purposes of administering the credit.

DOTAX shall prepare forms to claim the credit, may adopt administrative rules to implement the credit, and may require proof that the taxpayer qualifies for the credit. The claim for the tax credit must be filed on or before the end of the twelfth month following the close of the taxable year for which the credit may be claimed.

The bill has a defective effective date of July 1, 3000, with section 3 applicable to taxable years beginning after December 31, 2026.

DOTAX can administer the bill as proposed for taxable years beginning after December 31, 2026.

Thank you for the opportunity to provide comments on this measure.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKA'I

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

JAMES KUNANE TOKIOKA
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Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM
SENATE COMMITTEE ON WATER, LAND, CULTURE AND THE ARTS
SENATE COMMITTEE ON TRANSPORTATION

Wednesday, March 25, 2026
1:00 PM
State Capitol, Conference Room 224

In consideration of
HB2438, HD3
RELATING TO THE HAWAII CULTURAL TRUST

Chairs DeCoite, Lee and Inouye, Vice Chairs Wakai, Inouye and Elefante, and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) offers **comments** on HB2438, HD3, which establishes the Hawaii Cultural Trust within DBEDT, to be administered by a Hawaii Cultural Trust Coordinator, and establishes a Hawaii Cultural Trust Advisory Committee within the Trust to provide program guidance, and a trust fund account to be administered by DBEDT through a proposed Hawaii Cultural Trust Coordinator, establishes a tax credit, and authorizes special license plates.

DBEDT recognizes the important role that arts, culture, and heritage organizations play in strengthening community identity, education, and the broader creative economy. The framework proposed in this measure reflects an intent to create a more stable and diversified funding model that blends public resources with private philanthropic participation.

HB2438, HD3, establishes an ongoing programmatic responsibility within DBEDT, including:

- Administration of the Hawaii Cultural Trust account
- Appointment and oversight of a Hawaii Cultural Trust Coordinator
- Support of a newly established advisory committee
- Rulemaking pursuant to Chapter 91
- Annual legislative reporting, including financial tracking and impact metrics

To effectively implement these responsibilities, DBEDT would require dedicated program resources, including at minimum:

- One (1) full-time Cultural Trust Coordinator (program lead)
- One (1) fiscal/grants management staff position to manage fund accounting, tracking, reporting, and compliance
- Administrative and policy support associated with rulemaking, advisory committee coordination, and reporting

Without dedicated staffing and associated operational support, implementation would require reallocation of existing DBEDT resources, which may impact other statutory responsibilities.

The measure also establishes roles for several other entities:

- The Department of Taxation would be responsible for administration of the proposed income tax credit, including form development, verification procedures, and rulemaking related to credit implementation and compliance. DBEDT defers to the Department of Taxation regarding fiscal impact, tax administration workload, and compliance considerations associated with the credit.

- County finance departments would administer the specialty license plate program and associated fundraising fee collection.
- The State Foundation on Culture and the Arts and the Office of Hawaiian Affairs are designated beneficiaries of trust allocations and would play roles related to eligible organization coordination and program interface.

Implementation would therefore require cross-agency coordination to ensure consistent financial tracking, eligibility verification, and reporting.

The bill requires DBEDT to adopt rules under Chapter 91 and submit annual reports to the Legislature addressing:

- Funds collected and disbursed
- Recipients and purposes of awards
- Measured cultural and economic impacts
- Program recommendations

These provisions will require development of measurable cultural preservation metrics, economic impact indicators, and financial reporting systems sufficient to meet statutory transparency requirements.

HB2438, HD3 clarifies that a taxpayer may claim the credit only if the taxpayer makes monetary contributions during the taxable year to both the Hawaii Cultural Trust and at least one qualified Hawaii cultural organization. DBEDT concurs that this eligibility criteria is clear and is essential to avoid ambiguity and ensure consistent administration.

DBEDT appreciates the Legislature's intent to strengthen long-term support mechanisms for Hawaii's cultural sector. Should the measure advance, the Department

DBEDT Testimony
HB 2438, HD3
March 25, 2026
Page 4 of 4

would respectfully request consideration of appropriate implementation resources to support the new program responsibilities established in the bill.

Mahalo for the opportunity to provide comments on this measure.



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250 South Hotel Street
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Governor
Josh Green, M.D.

Comptroller
Keith A. Regan

Chairperson
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Sean Connelly
Randall Francisco
Randall Fujiki
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**Testimony of KAREN EWALD, Executive Director
State Foundation on Culture and the Arts**

**Before the
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM
And
COMMITTEE ON WATER, LAND, CULTURE AND THE ARTS
And
COMMITTEE ON TRANSPORTATION
WEDNESDAY, MARCH 25, 2026 Conference Room 224 at 1:00PM**

**HOUSE BILL 2438_HD3
RELATING TO THE HAWAII CULTURAL TRUST**

Dear Chair DeCoite, Chair Lee and Chair Inuoye and members of the Committees,

The State Foundation on Culture and the Arts (SFCA), is dedicated to the promotion, perpetuation, and preservation of culture and the arts in Hawai'i.

SFCA **SUPPORTS** H.B. 2438_HD3 which Establishes the Hawaii Cultural Trust within the Department of Business, Economic Development, and Tourism. Establishes an income tax credit for contributions made to both the Hawaii Cultural Trust and at least one qualified Hawaii cultural organization, under certain conditions. Establishes a special number plate for motor vehicles to support the Hawaii Cultural Trust.

Cultural trusts play a critical role in creating stable, independent, and sustainable funding for the arts. Their primary benefit is long-term financial security. By holding dedicated funds or endowments, cultural trusts reduce reliance on annual budget cycles and protect arts funding from political and economic volatility. This stability allows arts organizations to plan responsibly and invest in long-term initiatives.

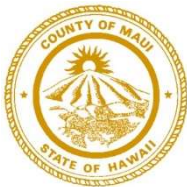
Cultural Trust funding for arts and culture strengthen the arts ecosystem. They support innovation, emerging artists, and experimental work that may not attract commercial funding. They also invest in capacity building, education, and community outreach, expanding public access and cultural equity.

Additionally, cultural trusts leverage other funding sources. Their stability and credibility attract private philanthropy, enable match funding, and support effective public-private partnerships.

When established mindfully, cultural trusts are a proven tool for safeguarding public cultural assets, ensuring independent decision-making, and sustaining the arts for future generations. When designed with inclusive governance and clear public accountability, they deliver lasting public value.

The State Foundation supports the assembly of a Taskforce to research best practices in developing a Cultural Trust for the State. SFCA also supports collaboration with the Office of Hawaiian Affairs regarding the Cultural Trust.

Thank you for the opportunity to provide testimony on this measure.



RICHARD T. BISSEN, JR.
Meia o Ke Kalana o Maui

J. KAPONO‘AI MOLITAU
Po‘o o Ka ‘Oihana Kumuwaiwai ‘Ōiwi

KEKAI ROBINSON
Hope Po‘o o Ka ‘Oihana Kumuwaiwai ‘Ōiwi

KA ‘OIHANA KUMUWAIWAI ‘ŌIWI
DEPARTMENT OF ‘ŌIWI RESOURCES
KE KALANA O MAUI, COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAI‘I 96793
pūnaewele: www.mauiCounty.gov leka uila: oiwi@co.maui.hi.us

TO: Senator Lynn DeCoite, Chair
Senator Glenn Wakai, Vice Chair
Committee on Economic Development and Tourism

Senator Chris Lee, Chair
Senator Lorraine R. Inouye, Vice Chair
Committee on Water, Land, Culture and the Arts

Senator Lorraine R. Inouye, Chair
Senator Brandon J.C. Elefante, Vice Chair
Committee on Transportation

FROM: Richard T. Bissen, Jr., Mayor
John Kapono‘ai Molitau, Director of ‘Ōiwi

DATE: March 24, 2026

SUBJECT: **SUPPORT OF HB2438 HD3 RELATING TO THE HAWAII CULTURAL TRUST**

Thank you for this opportunity to testify in **SUPPORT** of this important measure which establishes the Hawai‘i Cultural Trust within the Department of Business, Economic Development, and Tourism. Establishes an income tax credit for contributions made to both the Hawai‘i Cultural Trust and at least one qualified Hawai‘i cultural organization, under certain conditions. Establishes a special number plate for motor vehicles to support the Hawai‘i Cultural Trust. Applies the income tax credit to taxable years beginning after 12/31/2026. Effective 7/1/3000. (HD3)

We **SUPPORT** this measure for the following reasons:

1. In Maui County, we work closely with community-based cultural organizations that provide arts education, Native Hawaiian language and cultural programming, historic preservation, and intergenerational knowledge transmission. These organizations are essential partners in strengthening community well-being and cultural continuity, yet they often operate with limited and unstable funding. The creation of a permanent, non-lapsing trust offers the predictability and long-term support necessary for these organizations to plan responsibly, retain skilled practitioners, and expand access to cultural programs statewide.
2. For Maui, this measure is especially timely. Cultural organizations play a critical role in stewarding wahi pana, supporting ‘ike kupuna based education, and sustaining cultural practice in both everyday governance and community recovery efforts. The trust’s clear eligibility criteria

appropriately recognize Native Hawaiian culture, ‘Ōlelo Hawai‘i, ‘ike kupuna, and community-based practice as foundational components of Hawai‘i’s cultural ecosystem, alongside the arts, humanities, and heritage preservation.

3. By pairing state investment with incentives for private charitable giving and innovative fundraising mechanisms such as specialty license plates, the trust leverages broad community participation while minimizing long-term reliance on general fund appropriations. The allocation of funds between the State Foundation on Culture and the Arts and the Office of Hawaiian Affairs further ensures balanced support for both creative expression and cultural perpetuation grounded in community practice.
4. The advisory committee structure, reporting requirements, and evaluation metrics provide transparency, accountability, and opportunities for continuous improvement. These provisions will help ensure that public and private investments result in measurable cultural, educational, and community impacts.

This measure affirms our shared intergenerational kuleana to ensure that Hawai‘i’s arts, culture, and heritage are not only preserved, but actively supported as living, evolving practices. The Department of ‘Ōiwi Resources strongly supports the establishment of the Hawai‘i Cultural Trust and urges the Legislature to advance this important measure.

Mahalo for your consideration.

County of Maui Testimony
HB2438

DEPARTMENT OF CUSTOMER SERVICES
KA 'OIHANA LAWELawe KUPA
CITY AND COUNTY OF HONOLULU

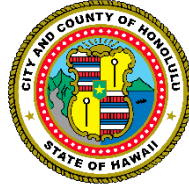
ADMINISTRATION

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RICK BLANGIARDI
MAYOR
MEIA

KIMBERLY M. HASHIRO
DIRECTOR
PO'O

MEGAN JOHNSON
DEPUTY DIRECTOR
HOPE PO'O



March 25, 2026



The Honorable Lynn DeCoite, Chair
The Honorable Glenn Wakai, Vice Chair
and Members of the Senate Committee on Economic Development and Tourism

The Honorable Chris Lee, Chair
The Honorable Lorraine R. Inouye, Vice Chair
and Members of the Senate Committee on Water, Land, Culture and the Arts

The Honorable Lorraine R. Inouye, Chair
The Honorable Brandon J.C. Elefante, Vice Chair
and Members of the Senate Committee on Transportation

State Capitol, Conference Room 224
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair DeCoite, Chair Lee, Chair Inouye, Vice Chair Wakai, Vice Chair Elefante, Members of the Senate Committee on Economic Development and Tourism, Members of the Senate Committee Water, Land, Culture and the Arts, and Members of the Senate Committee on Transportation:

SUBJECT: H.B. No. 2438, H.D. 3 - Relating To The Hawaii Cultural Trust
HEARING: Wednesday, March 25, 2026, 1:00 p.m.

The City and County of Honolulu, Department of Customer Services (CSD) offers comments on H.B. No. 2438, H.D. 3, specifically, with respect to Section 4 of the measure which would amend chapter 249, Hawaii Revised Statutes, to add a new section "§249-__ Special number plates; Hawaii cultural trust; authorized". Pursuant to Section 6-402 of the Revised Charter of the City and County of Honolulu, CSD Division of Motor Vehicles (DMV) administers the motor vehicle registration program for the

island of O'ahu. While CSD appreciates the intent of the proposed legislation, we have concerns regarding the operational and financial impacts of Section 4.

Numerous private organizations have attempted to amend existing law to enable special number plates with full-plate designs to raise revenue for their causes. The county agencies responsible for issuing license plates bear significant contracting, operational and financial burdens to produce new license plates each time a new license plate law is adopted. In addition, creating a full-plate design requires acquiring non-standard specialized license plates, which can cause complications with procurement and cost.

Section 249-9.3, Hawai'i Revised Statutes, currently allows certain organizations, such as a not-for-profit organization recognized as such by the Internal Revenue Service and whose primary purpose is to provide the community with specific programs to improve the public's health, education, or general welfare, to apply for and design a decal that represents the organization to be placed on a standard special number license plate, which can raise revenue for their causes, without having to change the law, or add burden to the counties.

Respectfully, we would like to recommend the committee amend this measure to remove Section 4 and instead direct the Hawai'i State Foundation on Culture and the Arts or the newly established Hawai'i Cultural Trust to apply for and design a decal to raise revenues for the Hawai'i Cultural Trust. The Department would gladly be available to work with the State to accomplish this objective.

In summary of the outlined concerns, the Department urges the committee to carefully consider the fiscal, operational, and policy impacts of this proposal as they deliberate on this measure.

Thank you for this opportunity to provide testimony on H.B. No. 2438, H.D. 3.

Sincerely,

for Kimberly M. Hashiro
Director



March 23, 2026

Testimony in Support of HB2438 HD3
Relating to the Hawai'i Cultural Trust

Aloha Chair, Vice Chair, and Members of the Committee,

On behalf of the Donkey Mill Art Center, a non-profit arts education center located in Holualoa on Hawai'i Island, I respectfully submit this testimony **in support of HB2438 HD3.**

Organizations like ours are community anchors. For over 30 years, the Donkey Mill Art Center has provided accessible arts education, exhibitions, and cultural programming to residents and visitors on Hawai'i Island and across the State. We serve keiki, kūpuna, working families, and professional artists, many in rural and under-resourced communities where access to arts education is limited.

Organizations like ours operate within extremely tight margins. We face rising costs, unstable funding, and increasing demand for services that support mental health, community connection, and cultural perpetuation. Yet funding for cultural organizations is often project-based, highly competitive, and inconsistent from year to year. This makes long-term planning, staff retention, and program stability extremely challenging.

The establishment of the Hawai'i Cultural Trust recognizes that cultural organizations are essential community infrastructure. If we value cultural preservation, creative workforce development, and equitable access to the arts, we must create mechanisms that strengthen the sustainability of the organizations doing this work on the ground.

HB2438 HD3 offers an opportunity to move from short-term survival toward long-term stability. For organizations like the Donkey Mill Art Center, that stability means serving more keiki, retaining skilled local staff, and continuing to steward Hawai'i's cultural vitality for generations to come.

I ask for your support of HB2438 HD3.

Mahalo for the opportunity to provide testimony.

With aloha,

A handwritten signature in black ink that reads "Ashley Raymond".

Ashley Raymond
Executive Director
Donkey Mill Art Center, Holualoa, HI
donkeymillartcenter.org



**Hawai'i Alliance
for Arts
Education
dba Hawai'i Arts
Alliance**

TESTIMONY IN SUPPORT OF HB2438 (HD3)

Relating to the Hawai'i Cultural Trust

Aloha Chairs, Vice Chairs, and Members of the Committees,

The Hawai'i Arts Alliance continues to support HB2438 (HD3) and the establishment of the Hawai'i Cultural Trust.

This measure represents an important step forward in strengthening Hawai'i's arts and culture sector by creating new, sustainable revenue pathways that extend beyond traditional appropriations. By combining public investment with incentives for private giving, this bill advances a more resilient and diversified funding model for our statewide cultural ecosystem.

HB2438 (HD3) is particularly significant because it builds long-term infrastructure. The creation of a dedicated trust account that can receive contributions from multiple sources—including private donations, special purpose revenue such as license plates, and other funding streams—positions the State to grow cultural investment over time rather than relying solely on year-to-year funding decisions.

Equally important, the structure of the trust ensures that resources are directed back into communities. Funds are allocated to both the State Foundation on Culture and the Arts and the Office of Hawaiian Affairs, supporting programs that advance arts education, cultural expression, preservation, and community-based cultural knowledge. This dual investment reflects Hawai'i's unique cultural landscape and the importance of supporting both contemporary arts and Native Hawaiian cultural practice.

For Hawai'i Arts Alliance, this bill aligns directly with our strategic priority to develop independent and diversified revenue streams that strengthen the arts sector statewide. It provides a mechanism to leverage community participation, incentivize giving, and build a more stable foundation for the future.

At a time when many organizations continue to navigate financial uncertainty, HB2438 offers a forward-looking solution—one that invites partnership across government, private donors, and community-based organizations.

We respectfully urge your support of HB2438 (HD3).

Mahalo for the opportunity to testify,

**Gaye Humphrey
Executive Director
Hawai'i Arts Alliance**

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