



**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
DIRECTOR

DANE K. WICKER
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

Thursday, February 26, 2026
10:00 AM
State Capitol, Conference Room 308

In consideration of
HB2118, HD1
**RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,
AND TOURISM.**

Chair Todd, Vice Chair Takenouchi and members of the Committee: The Department of Business, Economic Development and Tourism (DBEDT) offers comments on HB2118, HD1 which transfers the State Foundation on Culture and the Arts (SFCA) and the King Kamehameha Celebration Commission (KKCC) from the Department of Accounting and General Services (DAGS) to DBEDT; transfers certain authority and responsibilities held by the Comptroller regarding the Works of Art Special Fund to DBEDT; and appropriates funds for positions within DBEDT.

This measure reflects an important evolution in how Hawai'i views culture and the arts, not only as heritage and identity, but also as a core economic sector and driver of innovation, workforce development, and industry growth.

SFCA's mission naturally aligns with DBEDT's Creative Industries strategy. SFCA's statutory duties include:

- Stimulating, guiding, and promoting culture and the arts statewide

- Supporting artists through fellowship programs
- Administering art in public places
- Expanding access to arts education and cultural participation
- Coordinating statewide arts and humanities initiatives

These responsibilities directly parallel and complement DBEDT’s Creative Industries direction, which recognizes that today’s creators operate not only in traditional arts spaces, but also in:

- Digital media production
- Film, animation, and immersive content
- Music and audio production
- Design, fashion, and product-based creative manufacturing
- Game development, virtual production, and interactive media

In today’s economy, artists are content creators, and content creation is a form of high-value manufacturing, producing intellectual property, digital assets, and cultural products that are exported globally while rooted in Hawai’i’s unique identity.

Placing SFCA within DBEDT strengthens a full continuum:

Cultural Ecosystem

Cultural preservation, heritage, identity

Public art, museums, humanities

Creative Workforce

Artist fellowships, arts education, access programs

Skill development in visual, performing, and media arts

Creative Industry

Film, digital media, music, design, fashion, gaming, immersive media

IP creation, content production, creative tech, cultural exports

SFCA's work builds the creative talent pipeline. DBEDT's Creative Industries strategy builds the industry infrastructure, markets, and economic pathways. Together, they support:

- Retention of local creators
- Growth of Hawai'i-based production capacity
- Development of globally competitive, culturally grounded content
- Expansion of careers in creative fields beyond tourism-dependent models

Hawai'i's economic diversification requires recognizing that:

- A film production is a manufacturing process
- A game studio produces exportable digital goods
- A designer or fashion technologist produces value-added products
- A musician or animator generates monetizable intellectual property
- SFCA supports the people and cultural foundations behind these sectors.

DBEDT supports the industry development, facilities, incentives, and partnerships that allow these creators to scale. This alignment ensures that cultural investment translates into:

- Jobs
- Small business growth
- Creative entrepreneurship
- Increased local ownership of content and IP

The bill also modernizes administrative alignment, including the Works of Art Special Fund and coordination roles between SFCA and DBEDT leadership. This provides:

- Stronger integration between cultural programming and economic development strategy

- Better coordination with creative facilities, innovation hubs, and production ecosystems
- Improved ability to connect arts funding, education, and industry pathways

HB 2118, HD1 recognizes that culture and the arts are not peripheral, they are foundational to Hawai'i's future economy. By aligning SFCA with DBEDT's Creative Industries direction, the State strengthens the bridge.

Mahalo for the opportunity to testify.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
COMMITTEE ON FINANCE

FEBRUARY 26, 2026, 10:00 A.M.
CONFERENCE ROOM 211 AND VIA VIDEOCONFERENCE, STATE CAPITOL

H.B. 2118, H.D. 1

RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,
AND TOURISM.

Chair Todd, Vice Chair Takenouchi, and members of the Committee, thank you for the opportunity to submit testimony on H.B. 2118, H.D.1.

The Department of Accounting and General Services (DAGS) offers testimony in **support** of H.B. 2118, H.D. 1 which transfers the State Foundation on Culture and the Arts (SFCA) and the King Kamehameha Celebration Commission (KKCC) from the DAGS to the Department of Business, Economic Development, and Tourism (DBEDT).

DAGS provides the following comments:

1. SFCA's overall purpose and mission aligns more with the various attached agencies at DBEDT.

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2. The proposed transfer will improve administrative efficiency and facilitate the operations of SFCA and KKCC while providing opportunities for collaboration, synergy and strategic partnerships.

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



HAWAI'I
STATE FOUNDATION on
CULTURE and the ARTS

No. 1 Capitol District Building
250 South Hotel Street
Second Floor
Honolulu, HI 96813

Governor
Josh Green, M.D.

Comptroller
Keith A. Regan

Chairperson
Konrad Ng

Commissioners
Susan Browne
Sean Connelly
Randall Francisco
Randall Fujiki
Jill Kuramoto
Michael Marshall
Marcia Roberts-
Deustch
Janet Sato

Ex-Officio
Chris Lee
Jeanne Kapela

Executive Director
Karen A. Ewald

Telephone
808.586.0300

Fax
808.586.0308

Website
sfca.hawaii.gov

**Testimony of KAREN EWALD, Executive Director
State Foundation on Culture and the Arts**

**Before the
HOUSE COMMITTEE ON FINANCE
THURSDAY, FEBRUARY 26, 2026
Conference Room 308 at 10:00AM**

**HOUSE BILL 2118_HD1
RELATING TO
THE DEPARTMENT OF BUSINESS ECONOMIC DEVELOPMENT AND TOURISM**

Dear Chair Todd and members of the Committee,

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. 2118_HD1 which transfers the State Foundation on Culture and the Arts and the King Kamehameha Celebration Commission from the Department of Accounting and General Services to the Department of Business, Economic Development, and Tourism.

The State Foundation on Culture and the Arts appreciates the additional administrative and personnel staff to either DBEDT or SFCA to ensure support in both the transition and a sustained future, to facilitate a smooth transition while maintaining the agencies independence, governance, mission while ensuring funding remains intact.

We request that in HB 2118 there is language to allow for time for this transfer to take effect for one year to provide time to make the necessary administrative changes so the organizations can continue without delays.

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

Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair
House Committee on Finance

Testimony of Jame K. Schaedel

Thursday, February 26, 2026

Support for House Bill No. 2118, HD No. 1 – Relating to the Department of Business, Economic Development, and Tourism

WRITTEN TESTIMONY ONLY

Honorable Chair, Vice Chair, and Members of the Committees:

Thank you for the opportunity to submit testimony in **strong support** of House Bill No. 2118, HD No 1. This bill, if approved, would transfer the State Foundation on Culture and the Arts (SFCA) and the King Kamehameha Celebration Commission (“commission”) from the Department of Accounting and General Services (DAGS) to the Department of Business, Economic Development, and Tourism (DBEDT). It would further transfer the authority held by the Comptroller over the Works of Art Special Fund to the Director of Business, Economic Development, and Tourism.

I offer this testimony as a private citizen, and not in my capacity as a commissioner of the King Kamehameha Celebration Commission. My testimony will be focused on the commission and not the SFCA.

The commission was formally established by the 20th Legislature of the Territory of Hawai‘i in 1939 via House Bill No. 379, which was signed into law by Governor Joseph Poindexter on May 15, 1939, as Act 237.

In 1939 and 1940, limited kuleana for the commission was held by the Territorial Auditor specific to the expenditure of funds to pay for celebration expenses on islands designated in Act 237 (SLH 1939). This is likely why the Comptroller still has kuleana over the commission today.

For nearly nine decades, the commission has persevered, undergoing 14 statutory amendments over the years, the most recent occurring in 2018. The latest amendments included commission membership changes, a certificate of good standing requirement, adding a commissioner to represent Lāna‘i, and authorizing the commission to appoint an Executive Director.

In my opinion, DAGS considers the commission and its employees to be “low hanging fruit” and has often been the first agency targeted by the Comptroller for budget cuts throughout the past two decades. Despite statutory requirements contained in subsection (d), §8-5, HRS, it is my understanding that DAGS has not funded, solicited to fill, nor filled 1.5 FTE positions, which

include the Arts Program Specialist, and a part-time Clerk Typist. These positions no longer exist in the budget.

This nearly two decade status quo is no longer acceptable, and the commission would be more appropriately placed under the purview of DBEDT.

I also suggest two friendly amendments to the bill:

- Add the commission to subsection (b), §26-18, HRS.
- Strike SECTION 11 as it is a duplicate of SECTION 7, and re-number subsequent sections

Thank you for considering my testimony in **strong support** for House Bill No. 2118, HD No. 1. Should you have any questions, please do not hesitate to reach out to me.

Respectfully,

Jame K. Schaedel
Kapolei, Hawai'i

HB-2118-HD-1

Submitted on: 2/25/2026 3:34:10 PM

Testimony for FIN on 2/26/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Deborah Ann Harada	Individual	Support	Written Testimony Only

Comments:

I'm in support of this bill.