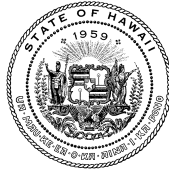


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September 24, 2020

COMPTROLLER'S MEMORANDUM NO. 2020-22

TO: All Department Heads

FROM: Curt T. Otaguro, Comptroller 

SUBJECT: Assessment for Works of Art, HRS Section 103-8.5

This memorandum supersedes Comptroller's Memorandum 1990-21 dated September 17, 1990.

This Comptroller's Memorandum provides further guidance on Budget Execution Policies and Instructions, regarding transfers to the Works of Art Special Fund from CIP appropriations pursuant to Section 103-8.5, HRS.

In addition, attached herewith for your use are copies of the procedures and criteria for the 1% assessment under the subject statute.

As a User Agency, please follow the procedures and criteria (in the attached pages) for preparation of your CIP allotment advices (A-15) and when formulating your CIP budget request for fiscal year 2021 and future years.

If you have any questions, please call the State Foundation on Culture and the Arts (SFCA) at 586-0300.

Attachments

Comptroller Memorandum No. 2020-22

PROCEDURES FOR BUDGETING AND TRANSFERING THE 1% WORKS OF ART ASSESSMENT UNDER HRS SECTION 103-8.5

1. The Comptroller shall provide each agency receiving capital improvement appropriations with information regarding items that shall be included and excluded from the one per cent amount.

User agencies will follow the criteria to determine which appropriations are subject to the one percent assessment. For budgeting purposes, user agencies will increase the amount of their CIP requests to allow for the assessment by dividing the estimated cost of the qualifying construction by 0.99.

2. The Comptroller shall ensure that each agency calculates its one per cent amount correctly.

Effective July 1, 2020, the user agencies will request for 1% (of the total construction appropriation amount) CIP funds for works-of-art to be transferred to the SFCA appropriation S-XX-319-M on the first allotment request for the project.

When the first CIP allotment advice is submitted, the Department of Budget and Finance (B&F) will verify that the 1% of the total construction appropriation is being transferred to the Works of Art special fund. If the full amount of the 1% amount is not being transferred in the allotment advice, it will be returned to the originating department.

3. Each agency shall ensure that transfers in the correct amount to the Works of Art special fund are completed in a timely manner.

B&F will provide a copy of the approved A-15 to the State Foundation on Culture and the Arts (SFCA).

4. The Comptroller and the State Foundation on Culture and the Arts shall track the potential amounts due from each agency under the one per cent requirement as provided in this section.

To assist the Comptroller and the SFCA with their works of art revenue projections and for tracking purposes, State Departments with CIP appropriations will provide SFCA and the Comptroller one copy of the CIP Expenditure Plan (Form CEP) following the format and matching the submission due dates in the Governor's Budget Execution Policies and Instructions. Please include in the comment's column, the 1% works of art assessment amount for the applicable projects and any justification for excluding assessments in accordance with the following criteria.

Comptroller Memorandum No. 2020-22

CRITERIA FOR 1% WORKS OF ART ASSESSMENT UNDER SECTION 103-8.5HRS

The following is a guideline to determine which appropriations are subject to the 1% set aside for acquisition of works of art.

1. Type of Appropriation

- a. Included: CIP appropriations funded from sources such as GO Bond, Revenue Bond, GO Reimbursable Bond, Special, General, and Federal Funds if allowed for in grant agreement.
- b. Excluded: Operating funds and CIP Appropriations exempt from 103-8.5 HRS.

2. Purpose of Appropriation

- a. Included: Appropriations for the cost element CONSTRUCTION. In the case of a pork barrel appropriation if the word “construction” appears in verbiage or if it does not specifically preclude construction work.
- b. Excluded: Appropriations for the cost elements PLANS, DESIGN, LAND or EQUIPMENT. In the case of a pork barrel appropriation if the appropriation limits expenditures to work other than construction.

3. Type of Construction Authorized

- a. Included: Appropriations which authorize the construction of new State owned building or the construction of additions which add a substantial amount of floor space outside the boundaries of existing building either vertically or horizontally. Site work (utilities) incidental to building are included.

Appropriations for renovations, modernizations, or other changes to an existing building.

The term “building” shall be interpreted according to the dictionary definition. It shall be interpreted to include such physical building structures as: maintenance buildings, hangars, stadiums, kennels, etc.

Appropriations which were originally made for purposes other than the construction of state buildings or additions but are changed by later appropriations to permit the construction of new state buildings or additions.

- b. Excluded: Appropriations with verbiage that limit work strictly to construction of site work such as roads, waterworks, bridges, air fields, walls, fences, canals, surface parking, utilities, piers, landscaping, athletic fields and courts, etc.

Appropriations which authorize construction not owned by the state, i.e., county facilities or privately owned facilities in the case of grant-in-aid appropriations.

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CRITERIA FOR 1% WORKS OF ART ASSESSMENT UNDER SECTION 103-8.5HRS

(continued)

4. Amount of the Appropriation Subject to the 1% Assessment

- a. Included: The entire amount originally appropriated for the construction qualifying under this criteria as indicated in the CIP request and supporting data. On pork barrel appropriations or where no backup is available, the amount of qualifying construction shall be estimated at the time of assessment.
- b. Excluded: Any appropriation amount added by transfers to the originally appropriated amount from the Governor's Project Adjustment Fund or from surpluses from other CIP appropriations. Small appropriations under \$100,000 are to be excluded from assessment consideration.