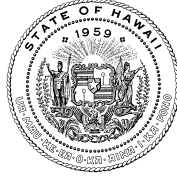


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August 4, 2025

**COMPTROLLER'S MEMORANDUM NO. 2025-20**

TO: All Department Heads

FROM: Keith A. Regan, Comptroller   
Department of Accounting and General Services

SUBJECT: Assessment for Works of Art, HRS Section 103-8.5, as Amended by Act 131,  
SLH 2025

This memorandum supersedes Comptroller's Memorandum 2023-03, issued in March 2023, is effective July 1, 2025.

This Comptroller's Memorandum provides further guidance to the Governor's Budget Execution Policies and Instructions regarding transfers to the Works of Art Special Fund from Capital Improvement Program (CIP) appropriations pursuant to HRS Section 103-8.5 (Statute), as amended by Act 131, SLH 2025 (Act).

In addition, attached herewith for your use are the procedures and criteria for the 1% assessment under the subject Statute and Act. User and expending agencies should follow the procedures and criteria for the 1% assessment for preparation of CIP allotment advice (Form A-15) and the formulation of CIP budget requests.

Attachments

Procedures for Budgeting and Transferring the 1% Works of Art Assessment Under  
HRS Section 103-8.5, as Amended by Act 131, SLH 2025

1. The Comptroller shall provide each user and expending agency receiving CIP appropriations with information regarding appropriation items that shall be included and excluded from the 1% assessment.

User and expending agencies shall follow the criteria to determine which general obligation (G.O.) bond funded CIP appropriations are subject to the 1% assessment. For budgeting purposes, user agencies, with the assistance of their expending agencies, shall increase the amount of their G.O. bond funded CIP requests to allow for the assessment by dividing the estimated cost of the qualifying construction by 0.99 and rounding to the nearest whole dollar.

2. The Comptroller shall ensure that each agency calculates the 1% amounts correctly.
  - a. If a G.O. bond funded CIP appropriation does not have construction cost element amounts designated, to implement the legislative intent of HRS Section 103-8.5, as amended by Act 131, SLH 2025, the 1% amount will be based on the amount to be allotted for construction. Thus, if neither a construction cost element amount nor a works of art cost element amount is specified in a CIP appropriation, the expending agency shall include, as part of each CIP allotment request that includes the release of construction funds for a qualifying project, the transfer of 1% of the construction amount requested for allotment for Works of Art assessment purposes. Calculation of the amount to be transferred shall be rounded to the nearest whole dollar, provided such rounding shall not result in transfer of an amount equal to less than one percent of the amount allotted for construction.
  - b. If a construction cost element is specified in a G.O. bond funded CIP appropriation but a works of art cost element is not specified, the expending agency shall include, as part of each CIP allotment request that includes the release of construction funds for a qualifying project, the transfer of 1% of the state fund appropriations designated for the construction cost element for Works of Art assessment purposes. Calculation of the amount to be transferred shall be rounded to the nearest whole dollar, provided such rounding shall not result in transfer of an amount equal to less than 1% of the state fund appropriations designated for the construction cost element.
  - c. If a works of art cost element is specified in a G.O. bond funded CIP appropriation, the expending agency shall include, as part of each CIP allotment request that includes the release of construction funds for a qualifying project, the transfer of the entire works of art cost element appropriation amount for Works of Art assessment purposes. Provided further that the expending agency shall ensure the total works of art allotment conforms to the legislative intent of HRS Section 103-8.5, as amended by Act 131, SLH 2025 as described in sections 2.a and 2.b., above. Should the funds appropriated in the works

of art cost element be less than required by HRS 103-8.5, as amended by Act 131, SLH 2025, then the expending agency shall identify additional funding from the funds appropriated for the construction cost element to be transferred to the works of art allotment to satisfy the shortfall.

The Department of Budget and Finance (B&F) will verify that 1% of the G.O. bond funded appropriations designated for the construction cost element or of the construction fund allotment being requested as set forth above will be transferred into a G.O. bond fund appropriation account specifically established for deposits to the SFCA's Works of Art Special Fund. Refer to the prevailing Governor's Budget Execution Policies and Instructions for the appropriation account number to be used on State Accounting Form A-15 for this purpose.

3. Each agency shall ensure the transfers for Works of Art assessment purposes are in the correct amounts.

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

4. The Comptroller and the SFCA shall track the potential amounts due from each agency under the 1% requirement as provided in this section. An annual amount as defined by Act 131, SLH 2025 shall be transferred from the aforementioned deposit appropriation account to the Works of Art Special Fund.

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. In the "Comments" column, please include the 1% Works of Art assessment amount for applicable projects and any justification for excluding assessments in accordance with the following criteria.

Criteria for 1% Works of Art Assessment Under HRS Section 103-8.5,  
as Amended by Act 131, SLH 2025

The following guidance should be used to determine which appropriations are subject to the 1% assessment for the acquisition of works of art.

1) Type of Appropriation:

a. Included	CIP appropriations funded by G.O. bond fund sources.
b. Excluded	All operating appropriations are exempt. CIP appropriations from the passenger facility charge special fund established by §261-5.5 and the rental motor vehicle customer facility charge special fund established under §261-5.6 are specifically exempted; additionally, CIP appropriations funded by non-G.O. bond fund sources are also exempt.

2) Purpose of Appropriation:

a. Included	Appropriations for the cost element CONSTRUCTION. In the case of a CIP appropriation, if the word “construction” appears in project title or description or if it does not specifically preclude construction work, then it may be presumed to potentially qualify for the 1% Works of Art assessment.
b. Excluded	Appropriations for the cost elements PLANS, DESIGN, LAND or EQUIPMENT. In the case of a CIP appropriation, if the appropriation limits expenditures to work other than construction, then it may be presumed to not qualify for the 1% Works of Art assessment.

3) Type of Construction Authorized:

a. Included	<p>Appropriations that authorize the construction of new State-owned buildings or the construction of additions that add a substantial amount of floor space outside the boundaries of the existing building either vertically or horizontally. Site work (utilities) incidental to building are included.</p> <p>Appropriations for renovations, modernizations, or other changes to an existing building are included.</p> <p>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.</p>
b. Excluded	<p>Appropriations that limit work strictly to the construction of site work such as roads, waterworks, bridges, airfields, walls, fences, canals, surface parking, utilities, piers, landscaping, athletic fields and courts, etc.</p> <p>Appropriations which authorize construction not owned by the State, i.e., county facilities or privately owned facilities in the case of grant appropriations pursuant to HRS Chapter 42F.</p>

4) Amount of the Appropriation Subject to the 1% Assessment:

a. Included	The applicable amount appropriated to the CONSTRUCTION cost element or to be allotted for the cost element CONSTRUCTION qualifying under this criteria as indicated in the CIP allotment request.
b. Excluded	Any appropriation amount added by transfers to the originally appropriated amount from a Project Adjustment Fund or from surpluses from other CIP appropriations. Appropriations under \$100,000 are to be excluded from the assessment consideration.

5) Use of Works of Art Special Fund

Pursuant to HRS Section 103-8.5(b), as Amended by Act 131, SLH 2025, the Works of Art Special Fund shall be used solely for costs related to the acquisition, planning, design, and construction of works of art and related appurtenances.