



**GOV. MSG. NO. 1089**

EXECUTIVE CHAMBERS  
HONOLULU

LINDA LINGLE  
GOVERNOR

July 11, 2007

The Honorable Colleen Hanabusa, President  
and Members of the Senate  
Twenty-Fourth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

Re: Senate Bill No. 162 SD1 HD2 CD1

On July 10, 2007, Senate Bill No. 162, entitled "A Bill for an Act Relating to Iolani Palace" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

The purpose of this bill is to designate a private organization, The Friends of Iolani Palace ("The Friends"), as the "State of Hawaii Museum of Monarchy History" and to exempt it from chapter 42F, Hawaii Revised Statutes, which provides standards to be met by private persons or organizations in order to receive grants or subsidies of State funds.

This bill is objectionable because the exemption from chapter 42F would allow The Friends to receive State funding without requiring it to meet the standards provided for private organizations to receive public money.

Section 4 of Article VII of the State Constitution states, "No grant of public money or property shall be made except pursuant to standards provided by law." The general standards for the grant of public money to private organizations are provided by law in chapter 42F, Hawaii Revised Statutes. This bill would exempt The Friends from the qualifying standards and conditions related to the receipt of funds under chapter 42F, but this bill does not provide substitute standards that would satisfy the requirement of "standards provided by law" that are required by Section 4 of Article VII of the State Constitution. Consequently, any public money appropriated as a grant to The Friends would be a grant made in violation of the State Constitution.

Because Senate Bill No. 162 does not make an appropriation to The Friends of Iolani Palace, this bill, in and of itself, is not unconstitutional. However, the Legislature will need to amend the bill to reinstate the standards of chapter 42F, Hawaii Revised Statutes, or provide alternate standards that meet the constitutional test before this organization could receive public moneys.

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and Members of the Senate  
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For the foregoing reasons, I allowed Senate Bill No. 162 to become law as Act 291,  
effective July 10, 2007, without my signature.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle", written in a cursive style.

LINDA LINGLE

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## A BILL FOR AN ACT

RELATING TO IOLANI PALACE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that Iolani Palace is a  
2 historic treasure, officially recognized by the State of Hawaii.

3           Built by King David Kalakaua in 1882, the palace served as  
4 the official royal residence until the overthrow of the monarchy  
5 in 1893. Following the overthrow, Iolani Palace was confiscated  
6 by the provisional government and used as its headquarters. It  
7 subsequently became the capitol of the Republic of Hawaii in  
8 1894, the Territory of Hawaii in 1900, and the State of Hawaii  
9 in 1959.

10           In 1966, Liliuokalani Kawanānakoā Morris founded the  
11 "Friends of Iolani Palace," a community-based, non-profit  
12 organization dedicated to carrying out the restoration of the  
13 palace and the preservation of the history of the Hawaiian  
14 monarchy. When the new state capitol was completed in 1969, the  
15 palace was vacated, and restoration began. In 1978, the palace  
16 reopened to the public as a historic house museum with docent-  
17 led guided tours.



1       The legislature further recognizes that the Friends of  
2 Iolani Palace has served as the "de facto" caretaker for over  
3 forty years by maintaining Hawaii's most significant historic  
4 house museum, preserving its irreplaceable collections; and  
5 planning and presenting its exhibits and educational programs  
6 without the benefit of regular, predictable support from state  
7 sources, and, instead, relying on private donations and small,  
8 piecemeal state subsidies. It is the intent of this Act to  
9 provide support for the palace by officially designating Iolani  
10 Palace as the "State of Hawaii Museum of Monarchy History" and  
11 exempting the museum from the standards and conditions related  
12 to the receipt of funds under chapter 42F, Hawaii Revised  
13 Statutes.

14       The legislature finds that the Friends of Iolani Palace  
15 provides an important public service in maintaining this  
16 significant building. The legislature further finds that the  
17 Friends of Iolani Palace deserves the financial support of the  
18 legislature through an unspecified appropriation in the state  
19 budget.

20       The purpose of this Act is to:

- 21       (1) Designate the Friends of Iolani Palace as the State of  
22       Hawaii Museum of Monarchy History;



- 1 (2) Exempt the State of Hawaii Museum of Monarchy History  
2 from the standards and conditions related to the  
3 receipt of funds contained in chapter 42F, Hawaii  
4 Revised Statutes;
- 5 (3) Authorize the comptroller and state auditor to examine  
6 the use of funds appropriated to the State of Hawaii  
7 Museum of Monarchy History; and
- 8 (4) Require the State of Hawaii Museum of Monarchy History  
9 to submit annual reports to the legislature of  
10 functions accomplished by state fund expenditures.

11 SECTION 2. Section 6E-35, Hawaii Revised Statutes, is  
12 amended to read as follows:

13 "[+]§6E-35[+] Iolani Palace. (a) The official  
14 designation of the palace of the former monarchs of Hawaii shall  
15 be Iolani Palace.

16 (b) The official designation of the Friends of Iolani  
17 Palace shall be the State of Hawaii Museum of Monarchy History.  
18 The qualifying standards and conditions related to the receipt  
19 of funds under chapter 42F shall not apply to funds received by  
20 the State of Hawaii Museum of Monarchy History; provided that if  
21 the museum contracts with a recipient or provider, then the  
22 qualifying standards, conditions, and other provisions of



1 chapter 42F shall apply to the recipient or provider and the  
2 contract.

3 (c) The comptroller and state auditor shall have the  
4 authority to examine the use of funds appropriated to the State  
5 of Hawaii Museum of Monarchy History."

6 SECTION 3. The State of Hawaii Museum of Monarchy History  
7 shall provide to the legislature an annual report no later than  
8 twenty days prior to the convening of each regular session,  
9 which shall include an explanation of the facility maintenance  
10 and other functions accomplished by state fund expenditures in  
11 the previous fiscal year.

12 SECTION 4. Statutory material to be repealed is bracketed  
13 and stricken. New statutory material is underscored.

14 SECTION 5. This Act shall take effect upon approval.

