

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 96809  
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**TESTIMONY OF  
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

**TESTIMONY ON THE FOLLOWING MEASURE:**

S.B. No. 2831, S.D. 1, Relating to the County Transient Accommodations Tax.

**BEFORE THE:**

House Committee on Finance

**DATE:** Tuesday, April 2, 2024  
**TIME:** 2:30 p.m.  
**LOCATION:** State Capitol, Room 308

Chair Yamashita, Vice-Chair Kitagawa, and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding S.B. 2831, S.D. 1 for your consideration.

S.B. 2831, S.D. 1 amends section 237D-2.5(a), Hawaii Revised Statutes (HRS), to authorize the Director of Taxation to assist Maui County with levying, assessing, collecting, and otherwise administering their county transient accommodations tax (CTAT), including delinquencies and penalties, upon declaration of a major disaster in Maui county by the governor. This assistance by the Director of Taxation would be authorized for a six-year period beginning on January 1, 2025. S.B. 2831, S.D.1 has a placeholder effective date of July 1, 2050.

All CTAT paid into the state treasury during Director of Taxation assistance will be segregated in a special account for distribution to Maui county by the Director of Finance, who will compute and pay the amount due into the county's general fund on or before January 1 or July 1 of each year. The Director of Finance will also deduct an unspecified percent of the amount due to the county for the costs of assessment, collection, disposition, and oversight of the CTAT incurred by the State. This deduction shall be retained in the State general fund.

Additionally, section 4 of the bill appropriates an unspecified amount to the Department for fiscal year 2025 to assist with levying, assessing, collecting, and

administering the CTAT.

The Department notes that since the counties adopted their ordinances imposing the CTAT, the Department has continued assisting the counties with their implementation and administration of the CTAT. The Department provides taxpayer data to the counties on a monthly basis and provides additional support to the county administrators to assist with understanding the data, understanding TAT law, and resolving taxpayer issues.

Although the Department remains committed to its partnership with the counties, including Maui, the Department's own staff shortages and limited resources will make it difficult to take on the additional task of administering the CTAT for Maui. Levying the CTAT for Maui will require Department resources for changes to form, instructions, its computer system, and revenue accounting. Taking on audit and assessment responsibilities will also divert resources from the Department's Compliance Division, which is also experiencing high rates of vacancies. Prioritizing collections of the CTAT under this bill will likely hinder State tax collections. Furthermore, after a temporary assistance period has ended, the Department would need to dedicate resources to revert its staff and systems back to their original functions.

Although the Department does not have the capacity at this time to take on additional responsibilities to administer the CTAT for Maui, the Department remains committed to supporting all the counties and will assist in exploring alternative solutions to improve administration of the CTAT.

Notwithstanding the foregoing, if this Committee is inclined to pass this measure, the Department will need additional resources, including funding to hire additional staff, with the option to employ exempt or contracted professionals as part of a special project to assist with the administration of the Maui CTAT, funding for postage, office supplies, and other expenses.

In addition to a fiscal year 2025 appropriation, the Department requests that page 3, lines 12 to 17, of the bill be amended so that the amounts deducted for the assessment, collection, disposition and oversight costs of the CTAT be retained by the Department to cover operational costs, instead of becoming State general fund realizations.

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

Council Chair  
Alice L. Lee

Vice-Chair  
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore  
Tasha Kama

Councilmembers  
Tom Cook  
Gabe Johnson  
Tamara Paltin  
Keani N.W. Rawlins-Fernandez  
Shane M. Sinenci  
Nohelani U'u-Hodgins



Director of Council Services  
David M. Raatz, Jr., Esq.

Deputy Director of Council Services  
Richelle K. Kawasaki, Esq.

**COUNTY COUNCIL**  
COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.MauiCounty.us](http://www.MauiCounty.us)

April 1, 2024

TO: The Honorable Kyle T. Yamashita, Chair, and  
Members of the Committee on Finance

FROM: Alice L. Lee  
Council Chair

A handwritten signature in cursive script, appearing to read "Alice L. Lee".

SUBJECT: **HEARING OF APRIL 2, 2024; TESTIMONY IN OPPOSITION OF SB2831,  
SD1, RELATING TO THE COUNTY TRANSIENT ACCOMMODATIONS TAX**

I now **oppose** this measure to authorize the State Department of Taxation to assist a requesting county in administering the county Transient Accommodations Tax for six years.

I am providing this testimony in my capacity as an individual member of the Maui County Council.

Maui County's Acting Finance Director has assured me that the Department of Finance is able to collect and administer the county Transient Accommodations Tax. Therefore, this measure is not needed.

Thank you for your consideration.

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**RICHARD T. BISSEN, JR.**  
Mayor

**JOSIAH K. NISHITA**  
Managing Director



**OFFICE OF THE MAYOR**  
COUNTY OF MAUI  
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TO: Representative Kyle Yamashita, Chair  
Representative Lisa Kitagawa, Vice Chair  
Committee on Finance

FROM: Richard T. Bissen, Jr., Mayor  
Maria Zielinski, Interim Director of Finance

DATE: April 1, 2024

SUBJECT: **OPPOSITION OF SB2831 SD1, RELATING TO THE COUNTY  
TRANSIENT ACCOMMODATIONS TAX**

Thank you for the opportunity to testify in **OPPOSITION** of this important measure. This Act authorizes the Department of Taxation, under certain circumstances, to assist a county in levying, assessing, collecting, and otherwise administering the county transient accommodations tax, including delinquencies and penalties, for a 6-year period beginning 1/1/2025.

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

- The County of Maui has aggressively pursued filling its vacant positions for administering transient accommodations tax revenues and anticipates being fully staffed within two months.
- The County of Maui has acquired new software that will enable the it to reconcile transient accommodations taxes billed and collected.
- With full staffing, training, and new software, the County of Maui anticipates it will be able to more efficiently and effectively collect, reconcile and track receivables due from taxpayers. As such, the County of Maui does not need assistance from the Department of Taxation at this time.

For the foregoing reasons, we **OPPOSE** this measure.



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308  
Tuesday, April 2, 2024 AT 2:30 P.M.**

To The Honorable Representative Kyle T. Yamashita, Chair  
The Honorable Representative Lisa Kitagawa, Vice Chair  
Members of the Committee on Finance

**COMMENTS ON SB2831 SD1 RELATING TO THE COUNTY TRANSIENT  
ACCOMMODATIONS TAX**

The Maui Chamber of Commerce would like to offer **COMMENTS on SB2831 SD1**.

We understand and appreciate that the County of Maui is requesting assistance managing the County Transient Accommodations Tax, given the many challenges we are facing in the aftermath of the August 8 wildfires. We supported including the 2-year cap and expressed hope that the goal of hiring and training new personnel to manage this in Maui will be achieved in that timeframe. However, we question the change to 6 years at this time as there is no rationale given in the committee notes or a request in testimony and we are unsure why it was increased to that number.

Mahalo for the opportunity to offer **COMMENTS on SB2831 SD1**.

Sincerely,

A handwritten signature in cursive script that reads "Pamela Tumpap".

Pamela Tumpap  
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.