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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1        SECTION 1. The legislature finds that small businesses in  
2 the State are disproportionately burdened with administrative  
3 requirements, including the need to file frequent tax returns  
4 under outdated filing thresholds. The filing thresholds for the  
5 general excise tax and transient accommodations tax have not  
6 been adjusted since 2001 when the legislature enacted Act 8,  
7 Third Special Session Laws of Hawaii 2001. Since that time,  
8 inflation has increased by approximately 1.83 times, resulting  
9 in many small businesses being required to file more frequently  
10 than originally intended despite their actual tax liability  
11 remaining relatively small. Under existing general excise tax  
12 filing thresholds established in 2001, a taxpayer that has an  
13 annual general excise tax liability of \$4,000 or more must file  
14 a monthly general excise tax return. This filing threshold  
15 equates to gross taxable proceeds of approximately \$100,000 per  
16 year. An annual general excise tax liability of less than  
17 \$4,000, but more than \$2,000, would require the taxpayer to file



1 general excise tax returns quarterly and a taxpayer that has an  
2 annual general excise tax liability less than \$2,000 must file  
3 semiannual general excise tax returns. For semiannual filers  
4 that equates to gross taxable proceeds of less than  
5 approximately \$50,000 per year. However, if the thresholds were  
6 adjusted to reflect inflation since 2001, the approximate,  
7 equivalent increase in the filing thresholds would be \$7,320 of  
8 tax liability, or taxable gross proceeds of sale of \$183,000,  
9 for monthly filers and \$3,660 of tax liability, or taxable gross  
10 proceeds of sale under \$91,500, for semiannual filers.

11 The legislature further finds that the department of  
12 taxation is operating with significant staffing constraints,  
13 with a thirty-three per cent vacancy rate as reported in the  
14 2025 Vacancy Rate Report required by Act 57, Session Laws of  
15 Hawaii 2019. This combination of frequent filings and limited  
16 administrative capacity places additional strain on the  
17 department of taxation's ability to provide timely assistance,  
18 enforce compliance, and process returns efficiently.

19 The legislature believes that increasing the filing  
20 threshold would better align with existing economic conditions,  
21 thereby reducing any unnecessary compliance costs for small



1 businesses in the State while also allowing the department of  
2 taxation to focus its limited resources elsewhere.

3 Accordingly, the purpose of this Act is to increase the  
4 filing thresholds for the general excise tax and transient  
5 accommodations tax.

6 SECTION 2. Section 231-8.5, Hawaii Revised Statutes, is  
7 amended by amending subsection (b) to read as follows:

8 "(b) If the requirements of subsection (c) are satisfied,  
9 the department may require electronic filing of any tax return,  
10 application, report, or other document required under the  
11 provisions of title 14 administered by the department for the  
12 following taxpayers:

13 (1) For withholding tax filings required under chapter  
14 235, only employers whose total tax liability under  
15 sections 235-61 and 235-62 for the calendar or fiscal  
16 year exceeds \$40,000;

17 (2) For income tax filings required under chapter 235,  
18 only taxpayers who are subject to tax under section  
19 235-71, 235-71.5, or 235-72;

20 (3) For general excise tax filings required under chapter  
21 237, only taxpayers whose total tax liability under



1 chapter 237 for the calendar or fiscal year exceeds

2 ~~[\$4,000;]~~ \$ \_\_\_\_\_;

3 (4) For transient accommodations tax filings required

4 under chapter 237D, only operators and plan managers

5 whose total tax liability under chapter 237D for the

6 calendar or fiscal year exceeds ~~[\$4,000;]~~ \$ \_\_\_\_\_;

7 and

8 (5) For filings required under the following chapters, all

9 taxpayers subject to tax under those chapters:

10 (A) 236E;

11 (B) 239;

12 (C) 241;

13 (D) 243;

14 (E) 244D;

15 (F) 245; and

16 (G) 251."

17 SECTION 3. Section 237-30, Hawaii Revised Statutes, is  
18 amended by amending subsections (b) and (c) to read as follows:  
19 "(b) Notwithstanding subsection (a), the director of  
20 taxation, for good cause, may permit a taxpayer to file the



1 taxpayer's return required under this section and make payments  
2 thereon:

3 (1) On a quarterly basis during the calendar or fiscal  
4 year, the return and payment to be made on or before  
5 the twentieth day of the calendar month after the  
6 close of each quarter, to wit: for calendar year  
7 taxpayers, on or before April 20, July 20, October 20,  
8 and January 20 or, for fiscal year taxpayers, on or  
9 before the twentieth day of the fourth month, seventh  
10 month, and tenth month following the beginning of the  
11 fiscal year and on or before the twentieth day of the  
12 month following the close of the fiscal year; provided  
13 that the director is satisfied that the grant of the  
14 permit will not unduly jeopardize the collection of  
15 the taxes due thereon and the taxpayer's total tax  
16 liability for the calendar or fiscal year under this  
17 chapter will not exceed [\$4,000;] \$ \_\_\_\_\_; or  
18 (2) On a semiannual basis during the calendar or fiscal  
19 year, the return and payment to be made on or before  
20 the twentieth day of the calendar month after the  
21 close of each six-month period, to wit: for calendar



1 year taxpayers, on July 20 and January 20 or, for  
2 fiscal year taxpayers, on or before the twentieth day  
3 of the seventh month following the beginning of the  
4 fiscal year and on or before the last day of the month  
5 following the close of the fiscal year; provided that  
6 the director is satisfied that the grant of the permit  
7 will not unduly jeopardize the collection of the taxes  
8 due thereon and the taxpayer's total tax liability for  
9 the calendar or fiscal year under this chapter will  
10 not exceed ~~[\$2,000.]~~ \$ .

11        The director, for good cause, may permit a taxpayer to make  
12   monthly payments based on the taxpayer's estimated quarterly or  
13   semiannual liability, provided the taxpayer files a  
14   reconciliation return at the end of each quarter or at the end  
15   of each six-month period during the calendar or fiscal year, as  
16   provided in this section.

17 (c) If a taxpayer filing the taxpayer's return on a  
18 quarterly or semiannual basis, as provided in this section,  
19 becomes delinquent in either the filing of the taxpayer's return  
20 or the payment of the taxes due thereon, or if the liability of  
21 a taxpayer, who possesses a permit to file the taxpayer's return



1 and to make payments on a semiannual basis exceeds ~~[\$2,000]~~  
2 \$ \_\_\_\_\_ in general excise taxes during the calendar year or  
3 exceeds ~~[\$4,000]~~ \$ \_\_\_\_\_ in general excise taxes during the  
4 calendar year if making payments on a quarterly basis, or if the  
5 director determines that any such quarterly or semiannual filing  
6 of return would unduly jeopardize the proper administration of  
7 this chapter, including the assessment or collection of the  
8 general excise tax, the director may, at any time, revoke a  
9 taxpayer's permit, in which case the taxpayer will then be  
10 required to file the taxpayer's return and make payments thereon  
11 as herein provided in subsection (a)."

12 SECTION 4. Section 237D-6, Hawaii Revised Statutes, is  
13 amended by amending subsections (b) and (c) to read as follows:

14 "(b) Notwithstanding subsection (a), the director of  
15 taxation, for good cause, may permit a taxpayer to file the  
16 taxpayer's return required under this section and make payments  
17 thereon:

18 (1) On a quarterly basis during the calendar or fiscal  
19 year, the return and payment to be made on or before  
20 the twentieth day of the calendar month after the  
21 close of each quarter, to wit: for calendar year



1                   taxpayers, on or before April 20, July 20, October 20,  
2                   and January 20 or, for fiscal year taxpayers, on or  
3                   before the twentieth day of the fourth month, seventh  
4                   month, and tenth month following the beginning of the  
5                   fiscal year and on or before the twentieth day of the  
6                   month following the close of the fiscal year; provided  
7                   that the director is satisfied that the grant of the  
8                   permit will not unduly jeopardize the collection of  
9                   the taxes due thereon and the taxpayer's total tax  
10                  liability for the calendar or fiscal year under this  
11                  chapter will not exceed [\$4,000;] \$ \_\_\_\_\_ ; or  
12                 (2) On a semiannual basis during the calendar or fiscal  
13                  year, the return and payment to be made by or before  
14                  the twentieth day of the calendar month after the  
15                  close of each six-month period, to wit: for calendar  
16                  year taxpayers, on July 20 and January 20 or, for  
17                  fiscal year taxpayers, on or before the twentieth day  
18                  of the seventh month following the beginning of the  
19                  fiscal year and on or before the twentieth day of the  
20                  month following the close of the fiscal year; provided  
21                  that the director is satisfied that the grant of the



1           permit will not unduly jeopardize the collection of  
2           the taxes due thereon and the taxpayer's total tax  
3           liability for the calendar or fiscal year under this  
4           chapter will not exceed [\$2,000.] \$\_\_\_\_\_.

5           The director, for good cause, may permit a taxpayer to make  
6           monthly payments based on the taxpayer's estimated quarterly or  
7           semiannual liability; provided that the taxpayer files a  
8           reconciliation return at the end of each quarter or at the end  
9           of each six-month period during the calendar or fiscal year, as  
10          provided in this section.

11          (c) If a taxpayer filing the taxpayer's return on a  
12          quarterly or semiannual basis, as provided in this section,  
13          becomes delinquent in either the filing of the taxpayer's return  
14          or the payment of the taxes due thereon, or if the liability of  
15          a taxpayer, who possesses a permit to file the taxpayer's return  
16          and to make payments on a semiannual basis exceeds [\$2,000]  
17          \$\_\_\_\_\_ in transient accommodations taxes during the  
18          calendar year or exceeds [\$4,000] \$\_\_\_\_\_ in transient  
19          accommodations taxes during the calendar year if making payments  
20          on a quarterly basis, or if the director determines that any  
21          such quarterly or semiannual filing of return would unduly

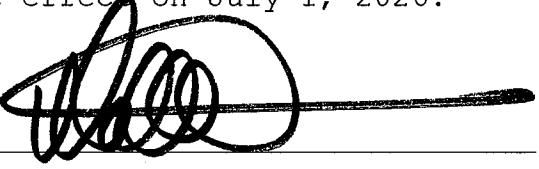


1 jeopardize the proper administration of this chapter, including  
2 the assessment or collection of the transient accommodations  
3 tax, the director, at any time, may revoke a taxpayer's permit,  
4 in which case the taxpayer shall then be required to file the  
5 taxpayer's return and make payments thereon as provided in  
6 subsection (a)."

7 SECTION 5. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9 SECTION 6. This Act shall take effect on July 1, 2026.

10

INTRODUCED BY: 

JAN 26 2026



# H.B. NO. 2156

**Report Title:**

General Excise Tax; Transient Accommodations Tax; Filing Threshold; Increase

**Description:**

Increases the filing thresholds for the General Excise Tax and Transient Accommodations Tax.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

