

TAX FOUNDATION OF HAWAII

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SUBJECT: GENERAL EXCISE; TRANSIENT ACCOMMODATIONS; Increase Filing Thresholds

BILL NUMBER: HB 2156 HD 1

INTRODUCED BY: TOU/ECD

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

SYNOPSIS: Amends section 231-8.5, HRS, to increase the threshold for electronic filing for GET and TAT from \$4,000 annually to _____.

Amends section 237-30, HRS, to increase the threshold for a general excise quarterly filing from \$2,000 annually to _____, and for monthly filing from \$4,000 annually to _____.

Amends section 237D-6, HRS, to increase the threshold for a TAT quarterly filing from \$2,000 annually to _____, and for monthly filing from \$4,000 annually to _____.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: At present, periodic returns are required semiannually for taxpayers reporting less than \$2,000 in annual tax liability; quarterly for taxpayers reporting more than \$2,000 and less than \$4,000; and monthly for taxpayers reporting more than \$4,000. Taxpayers filing monthly returns are required to file electronically.

The last time the filing thresholds for filing periodic general excise tax and transient accommodations tax returns were changed was in 2001, by Act 8, SLH 2001 (3d Sp. Sess.). The general excise tax thresholds amended by that Act had been in place since 1985, and the transient accommodations tax thresholds incorporated the general excise tax thresholds since inception of that tax. We believe that sufficient time has passed since then to take a hard look at the filing thresholds again to “reduce the filing burden of taxpayer, thereby encouraging compliance and providing greater cash flow for taxpayers.” Act 8, SLH 2001 (3d Sp. Sess.), sec. 1. Comparable thresholds exist in the withholding (HRS section 235-62), transient accommodations (HRS section 237D-6), and rental motor vehicle (HRS section 251-4) taxes, and it may be worth looking at those thresholds as well, not only to ease the burden on taxpayers but also the burden of the Department of Taxation, which needs to process the returns and account for minuscule remittances.

Digested: 2/24/2026

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
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**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 2156, H.D.1, Relating to Taxation

BEFORE THE:

House Committee on Finance

DATE: Thursday, February 26, 2026

TIME: 10:00 a.m.

LOCATION: State Capitol, Room 308

Chair Todd, Vice-Chair Takenouchi, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 2156, H.D.1, for your consideration.

Section 2 of H.B. 2156, H.D.1, amends section 231-8.5, Hawaii Revised Statutes, (HRS), to increase the tax liability threshold for mandatory electronic filing of general excise tax (GET) and transient accommodations tax (TAT) returns from \$4,000 to an unspecified amount.

Section 3 of the bill amends section 237-30, HRS, to increase the maximum tax liability for quarterly GET filers from \$4,000 to an unspecified amount and increase the maximum tax liability for semiannual GET filers from \$2,000 to an unspecified amount.

Section 4 of the bill amends section 237D-6, HRS, to increase the maximum tax liability for quarterly TAT filers from \$4,000 to an unspecified amount and increase the maximum tax liability for semiannual TAT filers from \$2,000 to an unspecified amount.

The measure has a defective effective date of July 1, 3000.

DOTAX notes that it has concerns that increasing the filing thresholds as proposed in this bill will shift a significant number of monthly filers, who are required to file electronically, to quarterly and semiannual filing deadlines which have no electronic filing requirements.

Contrary to the preamble in the bill, which states that the current filing frequency places additional strain on DOTAX's operations, increasing the thresholds and exempting more taxpayers from electronic filing will create increased burdens on DOTAX's operations. DOTAX prefers electronic filing over paper filing, as paper filings require a greater amount of manual work to process and are also more susceptible to errors. The benefits of electronic filing include:

1. Improved data accuracy
 - Built-in validation reduces errors before submission
 - Eliminates issues caused by illegible handwriting
2. Enhanced compliance
 - Real-time checks ensure required fields are completed correctly
 - Reduced filing mistakes, which could lead to penalties or delays
 - Additional data is able to be captured to identify noncompliant taxpayers
3. Operational efficiency
 - Reduced need for manual data entry and document processing staff
 - Self-service options for taxpayers significantly reduce processing times
 - Frees up resources for higher-value tasks and taxpayer support

Moreover, changes to the frequency of payments under this bill would significantly alter month-to-month GET and TAT collections and would require significant tax system changes. This effort will divert resources away from other critical system improvements and modernization initiatives. DOTAX would also need to allocate staff time to educate taxpayers on the new requirements and notify those whose filing frequency changes if the updated threshold criteria were to be adopted.

Based on the foregoing, DOTAX urges the Committee to maintain the current filing thresholds and electronic filing requirements. If, however, the

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Committee advances this measure, DOTAX requests additional time, to January 1, 2027, to make the necessary changes.

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

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Submitted on: 2/25/2026 8:30:19 AM

Testimony for FIN on 2/26/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Scott Smart	Individual	Support	Written Testimony Only

Comments:

I am testifying in SUPPORT of HB2156 HD1 to raise the threshold tax dollar amounts that require certain periodic filings.

My wife and I are owners of a "condotel" unit, and additionally my wife is a licensed real estate agent. Historically, we have been subject to quarterly filing for both TAT and GET.

Due to inflation and ever increasing TAT rates, in 2023 we were fined by the Dept of Taxation for not filing our TAT electronically and monthly due to gross receipts in a single month of that year. Since then we have had to file monthly TAT returns while still filing quarterly GET returns.

I also note that we prefer to NOT PAY ELECTRONICALLY due to rampant online fraud. HidoT has not timely posted our TAT payment by check requiring us to call and request follow up (including sending HidoT copies of the checks showing their endorsement) that takes time and effort. It seems that reconciling payments against monthly filings is an administrative burden for HidoT.

Having to file monthly returns is a burden as we are simply retirees who have to complete our own returns. Returning to quarterly filing would make our lives easier. Please advance this bill.

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Submitted on: 2/25/2026 10:19:45 AM

Testimony for FIN on 2/26/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Mary Smart	Individual	Support	Written Testimony Only

Comments:

I support changing the threshold for reporting GET and TAT, whether monthly, quarterly, or annually.

I agree, the thresholds need to be increased. However, I think taxpayers should be able to decide which cycle they want to be on, whether it is monthly, quarterly, or annually. Paying taxes at current frequencies is a large burden on small businesses. I am both a TAT taxpayer (although politicians indicate that it only affects tourists - it affects Hawaii residents who are in the tourism business) and GET tax payer. It seems I am constantly paying taxes to the Honolulu State Tax Collector and the City and County of Honolulu. It is a great inconvenience to taxpayers to have the tax deadline hanging over our head. I anxiously await the income report from our condo hotel to pay our monthly TAT. We have to pay quarterly GET to the state and county (for the worthless rail system that should not be extended). For each of these reports we have to spend a lot of time preparing and submitting reports. We are forced to submit TAT on-line.

Yes, change the limits but I recommend make it unlimited so taxpayers can do it "one and done". Make it easier for us to give you money.

I have several invoices that give me an option to pay monthly, quarterly, and annually. That works well. You should give residents to option to choose annual payments.

Pass HB2156 HD1 with an amendment to remove all limits and let us pay in the cycle we choose.