
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4 under outdated filing thresholds.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, 3000.



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. Effective 7/1/3000. (HD1)

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