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STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

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

**TESTIMONY ON THE FOLLOWING MEASURE:**

H.B. No. 2156, Relating to Taxation

**BEFORE THE:**

House Committees on Tourism, and Economic Development & Technology

**DATE:** Thursday, February 12, 2026

**TIME:** 10:30 a.m.

**LOCATION:** State Capitol, Room 423

Chairs Tam and Ilagan, Vice-Chairs Templo and Hussey, and Members of the Committees:

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

Section 2 of H.B. 2156 amends section 231-8.5, Hawaii Revised Statutes, (HRS), to increase from \$4,000 to an unspecified amount, the tax liability threshold required for electronically filing a return under Chapter 237 (the general excise tax (GET)), and also for the transient accommodations tax (TAT) under Chapter 237D.

Section 3 of the bill amends section 237-30(b)(1)-(2), HRS, wherein the director of taxation is granted discretion, for good cause, to allow quarterly or semiannual tax payments, by increasing the maximum tax liability due limit from \$4,000 to an unspecified amount. Under subsection 237-30(c), regarding delinquent return filings or payment of taxes due for taxpayers previously granted permission to file quarterly or semiannually, the limits for taxpayer liability owed in order to allow the director to revoke permission are increased from exceeding \$2,000 to an unspecified amount for semiannual payers, and from exceeding

\$4,000 to an unspecified amount for quarterly payers.

Section 4 of the bill amends section 237D-6(b)-(c) for the TAT making the same dollar value limit changes as noted in the preceding paragraph regarding the GET.

The measure is effective July 1, 2026.

DOTAX notes that it has concerns with increasing the filing thresholds as proposed in this bill, as doing so will shift a significant number of monthly filers who are required to file electronically to quarterly and semi-annual deadlines with no electronic filing requirement.

Contrary to the preamble in the bill, which finds 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 greatly 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 will 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 due to updated threshold criteria.

Based on the foregoing, DOTAX urges the Committee to maintain the current filing thresholds and electronic filing requirements. If, however, the Committee advances this measure, DOTAX notes that it will need additional time, to January 1, 2027, to make the necessary changes.

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

**HB-2156**

Submitted on: 2/10/2026 8:59:23 PM

Testimony for TOU on 2/12/2026 10:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Elizabeth Hansen	Individual	Support	Written Testimony Only

Comments:

Aloha, we need this bill to pass.

Mahalo

Elizabeth Hansen, Hakalau HI 96710

**HB-2156**

Submitted on: 2/11/2026 7:22:58 AM

Testimony for TOU on 2/12/2026 10:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Edward Johnston	Individual	Support	Written Testimony Only

Comments:

As a retired farmer of 40 plus years, I wish such a Bill had become law long ago. Making taxes more "user friendly" will help small farming operations.

# TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

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SUBJECT: GENERAL EXCISE; TRANSIENT ACCOMMODATIONS; Increase Filing Thresholds

BILL NUMBER: HB 2156; SB 2023

INTRODUCED BY: HB by KUSCH, EVSLIN, ILAGAN, KEOHOKAPU-LEE LOY, LEE, M., MORIKAWA, REYES ODA; SB by INOUYE, CHANG, HASHIMOTO, KIDANI

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, 2026.

STAFF COMMENTS: At present, periodic returns are required semiannually for taxpayers reporting less than \$2,000 in annual general excise 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 returns were changed was in 2001, by Act 8, SLH 2001 (3d Sp. Sess.). The thresholds amended by that Act had been in place since 1985. 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: 2/11/2026