

**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  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1560

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

**TESTIMONY ON THE FOLLOWING MEASURE:**

H.B. No. 2604, H.D.1, Relating to Performing Arts

**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. 2604, H.D.1, for your consideration.

H.B. 2604, H.D.1, amends chapter 237, Hawaii Revised Statutes (HRS), governing the general excise tax (GET), by inserting a new section establishing a "performing arts ticket surcharge" (PAT surcharge) of \$1 on each primary sale of a performing arts ticket for admission to a covered event held in the State.

The PAT surcharge is to be collected by the primary ticket venue and shall be disclosed and passed on to the purchaser as a separate line item on the ticket, receipt, invoice, or electronic confirmation provided to the purchaser at the time of sale. The surcharge proceeds are to be deposited into the performing arts grants special fund under section 9-19.5, HRS.

A "primary venue ticket provider" means the person or entity that engages in the primary sale of performing arts event tickets or retains the authority to otherwise distribute performing arts event tickets. "Covered event" means a performing arts event offered for sale to the general public and marketed for commercial entertainment, for which tickets are offered for sale to the general public. "Ticket price" means the total

amount required to be paid for admission to a covered event, including any mandatory fees or charges other than tax and any optional donation.

H.B. 2604, H.D.1, exempts performing arts ticket sales that are:

- from any event that is primarily performed by students enrolled at a school in the University of Hawai'i system or public school or charter school; or
- for which the primary sale ticket price is \$35 or less; or
- from any event produced by a nonprofit organization that is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (IRC) and has as its primary mission the provision of performing arts education to minors.

Any primary venue ticket provider claiming that tickets it sold or distributed are exempt from the PAT surcharge is required, in addition to the record-keeping requirements of section 237-41, HRS, to retain English language records within the State and preserve them for three years, and make the records available for inspection and audit upon request by DOTAX, the Multistate Tax Commission pursuant to chapter 255, HRS, or its authorized representative.

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

DOTAX notes that the provision requiring an allocation of revenues into the performing arts grants special fund would require a fundamental change in the way that DOTAX accounts for and reports on GET revenues. This bill would create administrative difficulties, as DOTAX will need to reconcile the amounts reported with actual amounts collected. Discrepancies will arise because the amount of tax collected often does not match the amount of tax reported for various reasons, including errors in payment or reporting or intentional underpayment. Additionally, many taxpayers report multiple categories of business activities on a single GET return, which complicates the accurate determination of amounts to be allocated. DOTAX therefore requests that the allocation of revenue to the special fund be replaced with an appropriation of a set dollar amount.

DOTAX also requests that the effective date be amended to January 1, 2027, to allow time for form, instruction, and system changes, and notice to taxpayers.

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



**HAWAI'I**  
STATE FOUNDATION on  
CULTURE and the ARTS

No. 1 Capitol District Building  
250 South Hotel Street  
Second Floor  
Honolulu, HI 96813

Governor  
Josh Green, M.D.

Comptroller  
Keith A. Regan

Chairperson  
Konrad Ng

Commissioners  
Susan Browne  
Sean Connelly  
Randall Francisco  
Randall Fujiki  
Jill Kuramoto  
Michael Marshall  
Marcia Roberts-  
Deustch  
Janet Sato

Ex-Officio  
Chris Lee  
Jeanne Kapela

Executive Director  
Karen A. Ewald

Telephone  
808.586.0300

Fax  
808.586.0308

Website  
[sfca.hawaii.gov](http://sfca.hawaii.gov)

**Testimony of KAREN EWALD, Executive Director  
State Foundation on Culture and the Arts**

**Before the  
HOUSE COMMITTEE ON FINANCE  
THURSDAY, FEBRUARY 26, 2026 Conference Room 308 at 10:00AM**

**HOUSE BILL 2604\_HD1  
RELATING TO PERFORMING ARTS**

Dear Chair Todd and members of the Committee,

The State Foundation on Culture and the Arts (SFCA), is dedicated to the promotion, perpetuation, and preservation of culture and the arts in Hawai'i.

SFCA **SUPPORTS** H.B. 2604\_HD1 which establishes a performing arts ticket surcharge on the sale of certain performing arts tickets for an event held in the State.

State legislatures use a mixture of strategies to provide public support for state arts agencies (SAAs). By far the largest state funding source for SAAs—currently and historically—is state general funds. However, state legislatures have enacted a variety of other legislative strategies to provide additional support. Examples of these funding mechanisms include dedicated taxes, Special Funds, sales of specialty license plates, and gaming and tourism revenues. The SFCA supports the investigation into alternate funding sources for culture and arts activities.

The SFCA supports the intent of this measure to support performing arts in Hawaii. The SFCA supports collecting revenues equal to a percentage of all ticket sales from concerts held at state venues to implement the proposed intent, provided doing so does not take away from or adversely impact the revenue to State organizations running State facilities.

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

**HB-2604-HD-1**

Submitted on: 2/24/2026 6:29:14 PM

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Gerdine Markus	Pacific Academy of Music	Support	Written Testimony Only

Comments:

Please support this bill.

Thank you,

Gerdine Markus, Director Pacific Academy of Music since 1990

Hilo, Paho, HI



## Hawai'i Arts Alliance

### Testimony in Support of HB2604 (HD1) Relating to Performing Arts | Ticket Surcharge

**HEARING DATE & TIME:** 02/26/2026 10:00 AM

**ROOM:** 308 VIA VIDEOCONFERENCE

**COMMITTEE:** FINANCE

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee,

Hawai'i Arts Alliance **strongly supports** HB2604 (HD1).

This bill establishes a modest \$1 performing arts ticket surcharge on certain ticket sales to create a stable, dedicated revenue stream for the Performing Arts Grants Special Fund. These funds will support the coordination, planning, promotion, and execution of performing arts events statewide, while also expanding youth access to arts education and strengthening Hawai'i's performing arts ecosystem .

We support efforts to identify new and sustainable revenue sources for arts and culture. This approach thoughtfully connects audience participation with reinvestment in the performing arts community, ensuring that proceeds flow directly back to artists, organizations, and educational programming.

As a former performing artist, I know firsthand how essential these resources are to sustaining creative careers and vibrant communities. This measure builds on Act 131 by providing a practical funding mechanism to help the Performing Arts Grants Program succeed.

We respectfully urge your support of HB2604 HD1.

Mahalo for the opportunity to testify,

Gaye Humphrey  
Executive Director  
Hawai'i Arts Alliance



# Diamond Head Theatre

---

## **Opposition to H.B. 2604 H.D. 1 “A BILL FOR AN ACT RELATING TO PERFORMING ART”**

Chair Kapela and Members of the Committee,

On behalf of Diamond Head Theatre, we respectfully submit these written comments in opposition to HB 2604, which proposes establishing a performing arts ticket surcharge on the sale of certain performing arts tickets.

Diamond Head Theatre (DHT) is a 501(c)(3) nonprofit community theatre founded in 1915. DHT is the third oldest continually operating community theatre in the nation and is currently in our 110th season. Each season, DHT produces six theatrical productions featuring the latest musicals, plays, and beloved classics. These performances are designed to foster public interest and appreciation for the art of theatre by providing quality entertainment and meaningful opportunities for community members to participate in all phases of production.

The COVID-19 pandemic had a profound and lasting impact on the performing arts sector. During our 2018–2019 season, DHT had 4,508 subscribers. While we have made steady progress rebuilding our audience base over the past several years, we remain hundreds of subscribers below our pre-pandemic levels. To help offset this gap, we have made only minimal increases to ticket prices. Each season involves months of careful internal deliberation to determine whether we can responsibly raise ticket prices by even \$1 or \$2.

Why such caution? Because many of our long-time patrons are on fixed incomes and are sensitive to even small increases. For example, between our 2024–2025 and 2025–2026 seasons, we increased ticket prices by just \$2. As a result, our subscription renewal rate declined by approximately 5.3%. For a small nonprofit organization, this represented a significant financial setback and required us to identify alternative ways to address the resulting shortfall.

Although a \$1 ticket surcharge may appear nominal, our experience demonstrates that even modest increases can meaningfully impact attendance. For nonprofit arts organizations already operating on narrow margins, an additional mandated surcharge could further discourage participation, reduce accessibility, and undermine financial stability.

For these reasons, we respectfully urge you to carefully consider the broader consequences this legislation may have on Hawaii’s nonprofit arts organizations and the communities they serve. Maintaining affordability is essential to ensuring that the arts remain accessible to all.

Thank you for your thoughtful consideration of this important matter.

Respectfully Submitted,

Trevor Tamashiro  
Executive Director

**HB-2604-HD-1**

Submitted on: 2/25/2026 11:20:42 AM

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Rick Bartalini	Rick Bartalini Presents	Oppose	Remotely Via Zoom

Comments:

Please put me on the list to testify via zoom.

**HB-2604-HD-1**

Submitted on: 2/24/2026 10:16:47 AM

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
lynne matusow	Individual	Oppose	Written Testimony Only

Comments:

Enough with these surcharges, fee increases, etc. We are tired of being nickeled and dimed. It seems that everywhere we turn prices are rising, and the legislature is doing it too. There are proposals to high the condo education fee fund among others. People are having trouble paying rent, maintenance costs, movie tickets, tickets to live shows, bus fares, food, etc. They have less to spend on discretionary items as well as necessities.

The buck stops with you. Vote no on this bill. The wahine and kane on the street can't afford it.

lynne matusow

# TAX FOUNDATION OF HAWAII

---

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

---

SUBJECT: GENERAL EXCISE, New Performing Arts Ticket Surcharge and Special Fund

BILL NUMBER: HB 2604 HD 1

INTRODUCED BY: CAA

EXECUTIVE SUMMARY: Establishes a performing arts ticket surcharge on the sale of certain performing arts tickets for an event held in the State.

SYNOPSIS: Adds a new section to chapter 237, HRS, that would impose a performing arts ticket surcharge of \$1 to be paid by each primary venue ticket provider on each primary sale of a performing arts ticket for admission to a covered event held in the State. Requires the primary venue ticket provider to disclose the surcharge as a separate line item on the ticket, receipt, invoice, or electronic confirmation provided to the purchaser at the time of sale.

The following are exempt from the surcharge: (1) any event that is primarily performed by students enrolled at a school in the University of Hawaii system or public school or public charter school; (2) any event for which the primary sale ticket price is \$35 or less; or (3) any event produced by a nonprofit organization that (A) is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and (B) has as its primary mission the provision of performing arts education to minors.

The surcharge proceeds shall be deposited into the performing arts grants special fund established under section 9-19.5.

"Covered event" means a performing arts event that is offered for sale to the general public and marketed for commercial entertainment, for which tickets are offered for sale to the general public for an admission charge.

"Performing arts" has the same meaning as in section 9-1.

"Performing arts event" means a live, in-person event held before an audience for entertainment, including a concert, musical performance, theatrical performance, dance performance, comedy show, magic show, spoken word performance, or other staged live entertainment, whether presented indoors or outdoors.

"Primary venue ticket provider" means an owner or operator of a venue, a manager or provider of a performing arts event, a performing arts event promoter, an online ticketing platform, a provider of ticketing services, or an agent of the owner, operator, manager, or provider, that engages in the primary sale of performing arts event tickets or retains the authority to otherwise distribute performing arts event tickets.

"Ticket price" means the total amount required to be paid for admission to a covered event, including any required service fee, facility fee, processing fee, or other mandatory charge, but excluding taxes imposed under this chapter and any optional donation.

"Venue" means a facility, space, or location in the State where a performing arts event is held, whether indoors or outdoors, including an arena, stadium, amphitheater, theater, concert hall, convention facility, hotel ballroom, outdoor performance space, or similar place of public assembly."

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: Selling performing arts tickets is already subject to the Hawaii General Excise Tax, as is most other economic activity in this State. The discussion should turn on whether there is some component of this business that justifies burdening it with additional taxes that are not imposed on most other businesses. Sin taxes, for example, are imposed to discourage dangerous behavior. Environmental taxes compensate for damage to or wear and tear on associated infrastructure, or for costs to remedy environmental degradation. Going to a performing arts performance is neither antisocial nor dangerous, and does not seem to damage society.

Digested: 2/24/2026

**HB-2604-HD-1**

Submitted on: 2/24/2026 12:56:51 PM

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Ron Heller	Individual	Oppose	Written Testimony Only

Comments:

This bill could cause serious problems for non-profit theatre groups. The exemption language for non-profit theatre organizations is much too narrow, granting an exemption only if the organization's "primary mission" is "the provision of performing arts education to minors."

The exemption should cover all non-profit arts organizations, not just those that are focused on education for minors.

**HB-2604-HD-1**

Submitted on: 2/24/2026 9:18:04 PM

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Laurel Nakanishi	Individual	Support	Written Testimony Only

Comments:

Aloha kākou,

I strongly support HB 2604 to create a \$1 ticket surcharge to fund the Performing Arts Grants Special Fund statewide.

Mahalo,

Laurel

**HB-2604-HD-1**

Submitted on: 2/24/2026 11:04:21 PM

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Johnnie-Mae L. Perry	Individual	Support	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry, Support

2604 HB RELATING TO PERFORMING ARTS.

DOE/CHARTERS SCHOOL EXEMPT, PERFORMANCE ON CAMPUS

**HB-2604-HD-1**

Submitted on: 2/25/2026 9:07:54 AM

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Susan Browne	Individual	Support	Written Testimony Only

Comments:

I am in favor of establishing a \$1 ticket surcharge in order to fund the Performing Arts Grants Special fund statewide.

Susan Browne