



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

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

**Before the  
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM  
And  
SENATE COMMITTEE ON WATER, LAND, CULTURE AND THE ARTS  
THURSDAY, FEBRUARY 26, 2026 Conference Room 308 at 10:00AM**

**HOUSE BILL 2604\_HD2  
RELATING TO PERFORMING ARTS**

Dear Chair DeCoite, Chair Lee and members of the Committees,

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\_HD2 which establishes a performing arts ticket surcharge on the sale of certain performing arts tickets for an event held in the State.

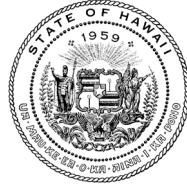
State legislatures use a mixture of strategies to provide public support for state arts agencies (SAAs). By far the largest state funding source for SAAs—currently and historically—is state general funds. However, state legislatures have enacted a variety of other legislative strategies to provide additional 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.

JOSH GREEN M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



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**DEPARTMENT OF TAXATION**

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

**TESTIMONY ON THE FOLLOWING MEASURE:**

H.B. No. 2604, H.D.2, Relating to Performing Arts

**BEFORE THE:**

Senate Committees on Economic Development and Tourism, and Water, Land, Culture and the Arts

**DATE:** Monday, March 23, 2026

**TIME:** 1:15 p.m.

**LOCATION:** State Capitol, Room 224

Chairs DeCoite and Lee, Vice-Chairs Wakai and Inouye, and Members of the Committees:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 2604, H.D.2, for your consideration.

H.B. 2604, H.D.2, 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 imposed "upon the purchaser" of the ticket and is to be collected by the primary ticket venue and disclosed 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. All surcharge amounts collected shall be held in trust for the State until remitted to DOTAX. The surcharge proceeds are to be deposited into the state treasury for credit to 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.2, 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 also provides that the PAT surcharge shall be administered, assessed, collected, and enforced in the same manner as the taxes imposed under this chapter, subject to all applicable chapter provisions including applicable penalties and interest.

Each primary ticket provider will be required to file periodic returns, as prescribed by DOTAX, stating the number of tickets sold or distributed during the reporting period that are subject to the surcharge; the number of tickets claimed as exempt from the surcharge; and the total surcharge amount collected during the reporting period. The surcharge shall be remitted to the department at the time the return is filed.

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

DOTAX notes that the PAT surcharge would create a departure from several fundamental features of the GET and how it is administered. The GET is a privilege tax imposed on business activity, measured by a business' gross income. The PAT surcharge, however, will be imposed on consumers (instead of businesses) and will be imposed at a set amount per transaction (as opposed to being based on gross income). Additionally, GET revenues are deposited into the general fund, with few exceptions for allocations of set amounts to other funds. This bill, however, will earmark revenues from the PAT surcharge to the performing arts grants special fund.

Because of these key differences, DOTAX has concerns that fundamental features of the GET will be eroded with the addition of the PAT surcharge. Additionally, the PAT surcharge, which will likely apply to a few taxpayers, may complicate administration of the 245,000 GET returns filed with DOTAX each year and create challenges for accurate revenue reporting.

For these reasons, it may be advisable to establish the surcharge as a separate tax and not as a component of the GET. DOTAX notes, however, that the anticipated revenue from the surcharge may not warrant the significant time and effort that would be required to create a new tax type.

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

# TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

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

BILL NUMBER: HB 2604 HD 2

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."

Makes a conforming amendment to section 9-19.5, HRS, which establishes the performing arts grants special fund, to allow it to accept the surcharge.

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-2**

Submitted on: 3/20/2026 6:50:50 PM

Testimony for EDT on 3/23/2026 1:15:00 PM

Submitted By	Organization	Testifier Position	Testify
William Caron	Individual	Oppose	Written Testimony Only

Comments:

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

I am writing in **opposition** to HB2604, which would impose a surcharge on performing arts tickets to generate revenue for the State. I understand the Legislature's urgent need to address budget gaps created by federal cuts. But the answer to a fiscal crisis should not be to discourage people from participating in our vibrant arts and culture scene—especially when better, more equitable alternatives exist.

Hawai‘i's arts and culture organizations are not fat cats with deep pockets. They are nonprofits, small businesses, and community institutions that already operate on razor-thin margins. Their audiences are working families, students, kūpuna, and residents who already struggle with the highest cost of living in the nation.

Adding a surcharge to performing arts tickets sends a clear message: if you want to see a play, hear a concert, or take your keiki to a cultural performance, you will pay an extra tax for the privilege.

We should be encouraging participation in the arts—not making it more expensive. A thriving arts scene is not a luxury; it is essential to a vibrant, connected, and resilient society. The arts bring communities together, support local jobs, and enrich the lives of residents and visitors alike. This bill undermines that at a time when we should be investing in it.

**There Are Better, Fairer Ways to Raise Revenue**

The Legislature has before it multiple proposals that would generate the revenue we need—not by taxing working families, but by asking the very wealthy and large corporations to pay their fair share. These are the proposals the Hawai‘i Tax Fairness Coalition has been championing all session:

- **Stop Tax Cuts for the Wealthy (HB2306/SB3125):** Act 46 gives the top 1% of Hawai‘i taxpayers an average annual tax break of \$12,000 while reducing state revenues by more than \$1.4 billion by 2031. Freezing these tax cuts for high-income earners would save the state \$296 million or more each year.
- **Tax Wealth Like Work (HB1850):** Hawai‘i is one of only nine states that gives preferential tax treatment to capital gains, allowing wealthy investors to pay lower rates

than working people pay on their wages. Ending this special treatment would raise \$84 million annually, with 80% of Hawai'i households seeing no increase at all.

- **Increase the Mansion Sales Tax (HB2049/SB3028):** Also known as the conveyance tax, this is a one-time tax paid when a luxury home is sold. Increasing rates on high end luxury property sales, while lowering the tax for average local home-sellers, would generate tens of millions of dollars each for infrastructure, affordable rentals, land conservation, the Department of Hawaiian Home Lands, and the general fund.
- **Close the REIT Tax Loophole (SB2362):** International Marketplace, Hilton Hawaiian Village, Kona Village Resort, and Hyatt Regency Maui are owned by Real Estate Investment Trusts (REITs) that pay no state corporate income tax—even as they benefit from the public services and infrastructure our state provides. Closing this loophole would generate \$36–\$60 million per year in revenue.

Together, these proposals would raise hundreds of millions of dollars without imposing a new tax on families attending a concert or play.

### **A Question of Priorities**

The choice before this committee is not whether to raise revenue. It is whether to raise it from working families trying to enjoy the arts, or from the wealthiest residents and largest corporations who have profited enormously from Hawai'i's economy. I believe the answer is clear.

I urge this committee to reject HB2604 and instead focus on the tax fairness proposals that will generate the revenue we need—equitably and without harming the arts, artists, and communities that make Hawai'i a vibrant place to live.

Mahalo for the opportunity to testify.

HB 2604, HD 2 - submitted on 3/20/26 at 3:33 PM online

I strongly oppose HB 2604, HD 2 Relating to Performing Arts and request that it be deferred. I am appalled that a performing arts ticket surcharge is being proposed by this legislature.

I have been a season subscriber of 6 theatres on Oahu for over two decades. They are Diamond Head Theatre, Manoa Valley Theatre, The Actors' Group, Kumu Kahua Theater, UH-Kennedy Theater and Hawaii Theatre Center. I have seen their ticket prices increase over time; but I truly support the Arts in what they each offer to all of our residents, their families, and visitors to our islands. Each play depicts life's situations, different cultural values and customs, perspectives of problem solving and issues facing us today. It also provides a time for us to laugh, find joy, and "take a break" from life's stresses and daily struggles.

All of the theatres have struggled especially post-COVID to maintain the level of subscribers, increased cost for play productions, reduced staffing, utilities rising cost, rental fees, etc. to bring to Hawaii plays that to all of our residents can enjoy. These tickets are discounted costs to make it affordable to buy a ticket or for their family to attend a Broadway, Off-Broadway, local productions, and ethnic/cultural performances.

This proposed mandated surcharge could further discourage affordability, accessibility to the arts, and impact the theatres to not survive or close permanently. As the Tax Foundation of Hawaii stated in their testimony: "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 of other businesses. Going to a performing arts performance is neither antisocial nor dangerous, and does not seem to damage society."

Have the legislators reached out to these nonprofit arts organizations to find out how much it costs to run a play? total cost for their season of shows? What is the "real price of a ticket?" If you haven't, please do so.

Thank you for the opportunity to testify in strong opposition of HB 2604, HD 2 and request that it be deferred.