



**STATE OF HAWAII**  
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To: The Honorable Donovan M. Dela Cruz, Chair  
and Members of the Senate Committee on Ways and Means

Date: Tuesday, April 3, 2018  
Time: 10:20 A.M.  
Place: Conference Room 211, State Capitol

From: Linda Chu Takayama, Director  
Department of Taxation

Re: S.C.R. 158 and S.R. 118, Requesting the Governor and Legislature to Convene a  
Joint Task Force to Identify and Examine Potential Sources of Increased Revenue  
and Measures to Reduce State Costs

The Department of Taxation (Department) appreciates the intent of S.C.R. 158 and S.R. 118 and offers the following comments for the committee's consideration.

S.C.R. 158 and S.R. 118 both request the Governor and Legislature to convene a task force to identify and examine potential sources of revenue and ways to reduce the state's costs. The measures identify several potential sources of increased revenue, including:

- Ensuring the taxation of illegal transient accommodations;
- Ensuring the taxation of resort fees;
- Increasing the base of the transient accommodations tax on time shares occupied by the owner;
- Ensuring transient accommodations taxes are due from online transient accommodations intermediaries;
- Increasing the conveyance tax on high value properties; and
- Increasing the withholding on sales of real property by nonresidents.

Both resolutions require the task force be composed of the Chair of the Senate Committee on Ways and Means or the Chair's designee, the Chair of the House Committee on Finance or the Chair's designee, and a representative from the Governor's office. Both measures encourage the task force to meet each quarter. Both measures also instruct the task force to study ways to reduce the state's costs.

Finally, both measures request the Governor to share the Governor's six-year financial

plan with the Legislature no later than twenty days prior to the convening of the regular session.

The Department appreciates the intent of both of these measures and is willing and able to participate in or assist the task force in any way necessary.

Thank you for the opportunity to provide comments.