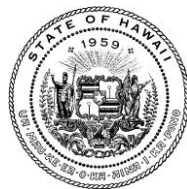


JOSH GREEN M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

Ka 'Oihana 'Auhau  
P.O. BOX 259

HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
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GARY S. SUGANUMA  
DIRECTOR

KRISTEN M.R. SAKAMOTO  
DEPUTY DIRECTOR

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

**TESTIMONY ON THE FOLLOWING MEASURE:**

S.B. No. 2831, Relating to the County Transient Accommodations Tax.

**BEFORE THE:**

Senate Committee on Ways and Means

**DATE:** Wednesday, February 28, 2024

**TIME:** 10:02 a.m.

**LOCATION:** State Capitol, Room 211

Chair Dela Cruz, Vice-Chair Moriwaki, and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding S.B. 2831 for your consideration.

S.B. 2831 amends section 237D-2.5(a), Hawaii Revised Statutes (HRS), to authorize the Director of Taxation to assist Maui County with levying, assessing, collecting, and otherwise administering their county transient accommodations tax (CTAT) upon a written request from the Mayor. All CTAT paid into the state treasury during Director of Taxation assistance will be segregated in a special account by the Director of Finance, who will compute and pay the amount due into the county's general fund on or before January 1 or July 1 of each year. This assistance by the Director of Taxation would be authorized for a two-year period beginning on January 1, 2025. S.B. 2831 is effective upon approval.

The Department notes that since the counties adopted their ordinances imposing the CTAT, the Department has continued assisting the counties with their implementation and administration of the CTAT. The Department already provides taxpayer data to the counties on a monthly basis and provides additional support to the county administrators to assist with understanding the data, understanding TAT law, and resolving taxpayer issues.

Although the Department remains committed to its partnership with the counties, including Maui, the Department's own staff shortages and limited resources will make it difficult to take on the additional task of administering the CTAT for Maui. Levying the CTAT for Maui will require Department resources for changes to form, instructions, its computer system, and revenue accounting. Taking on audit and assessment responsibilities will also divert resources from the Department's Compliance Division, which is also experiencing high rates of vacancies. Prioritizing collections of the CTAT under this bill will likely hinder State tax collections. Furthermore, after a temporary assistance period has ended, the Department would need to dedicate resources to revert its staff and systems back to their original functions.

Although the Department does not have the capacity at this time to take on additional responsibilities to administer the CTAT for Maui, the Department remains committed to supporting all the counties and will assist in exploring alternative solutions to improve administration of the CTAT.

Notwithstanding the foregoing, if this Committee is inclined to pass this measure, the Department will need additional resources, including funding to hire additional staff, with the option to employ exempt or contracted professionals as part of a special project to assist with the administration of the Maui CTAT, funding for postage, office supplies, and other expenses.

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

**RICHARD T. BISSEN, JR.**  
Mayor

**JOSIAH K. NISHITA**  
Managing Director



**OFFICE OF THE MAYOR**  
COUNTY OF MAUI  
200 SOUTH HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.mauicounty.gov](http://www.mauicounty.gov)

February 27, 2024

TO: Senator Donovan M. Dela Cruz, Chair  
Senator Sharon Y. Moriwaki, Vice Chair  
Committee on Ways and Means

FROM: Richard T. Bissen, Jr., Mayor  
Steve Tesoro, Interim Director of Finance

SUBJECT: **SUPPORT OF SB2831, RELATING TO THE COUNTY  
TRANSIENT ACCOMODATIONS TAX**

Thank you for the opportunity to testify in **SUPPORT** of this important measure. This Act authorizes the Department of Taxation to assist a requesting county in levying, assessing, collecting, and otherwise administering the county transient accommodations tax, including delinquencies and penalties, for a 2-year period beginning 1/1/2025.

We **SUPPORT** this measure for the following reasons:

1. Due to the Maui wildfires, the County is facing unanticipated revenue shortfalls, including in tax collections, and a heightened demand for resources to rebuild infrastructure.
2. In December 2023, the Office of the County Auditor of the County of Maui issued Report No. 23-01, noting significant delinquencies in collection of the county TAT. The county Department of Finance is understaffed, real property tax policies are being adjusted to account for large-scale property losses, and the need for support is acute.
3. Temporary assistance from the Department of Taxation, which already has the tools and expertise to efficiently collect TAT, would allow for the backlog in processing and scarcity of trained county TAT personnel to be addressed.

For the foregoing reasons, we **SUPPORT** this measure.

Council Chair  
Alice L. Lee

Vice-Chair  
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore  
Tasha Kama

Councilmembers  
Tom Cook  
Gabe Johnson  
Tamara Paltin  
Keani N.W. Rawlins-Fernandez  
Shane M. Sinenci  
Nohelani U'u-Hodgins



Director of Council Services  
David M. Raatz, Jr., Esq.


Deputy Director of Council Services  
Richelle K. Kawasaki, Esq.

**COUNTY COUNCIL**  
COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.MauiCounty.us](http://www.MauiCounty.us)

**LATE**

February 27, 2024

TO: The Honorable Donovan M. Dela Cruz, Chair, and  
Members of the Senate Committee on Ways and Means

FROM: Alice L. Lee  
Council Chair 

SUBJECT: **HEARING OF FEBRUARY 28, 2024; TESTIMONY IN SUPPORT OF  
SB 2831, RELATING TO THE COUNTY TRANSIENT ACCOMMODATIONS  
TAX**

I **support** this measure to authorize the State Department of Taxation to assist a requesting county in administering the county Transient Accommodations Tax for two years.

I am providing this testimony in my capacity as an individual member of the Maui County Council.

I support this measure for the following reasons:

1. In the wake of the August 2023 Maui wildfires, the County of Maui is facing unanticipated revenue shortfalls, including in tax collections, and a heightened demand for resources to rebuild infrastructure.
2. In December 2023, the Office of the County Auditor issued Report 23-01, noting significant delinquencies in collection of Maui County's TAT. The County Department of Finance is understaffed, Real Property Tax policies are being adjusted to account for large-scale property losses, and the need for support is acute.
3. Temporary assistance from the State Department of Taxation would allow for the backlog in processing and scarcity of County personnel to be addressed.

Thank you for your consideration.

# TAX FOUNDATION OF HAWAII

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126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

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**SUBJECT:** TRANSIENT ACCOMMODATIONS, Assist County in Administering Transient Accommodations Tax

**BILL NUMBER:** SB 2831

**INTRODUCED BY:** HASHIMOTO, MCKELVEY

**EXECUTIVE SUMMARY:** Authorizes the Department of Taxation to assist a requesting county in levying, assessing, collecting, and otherwise administering the county transient accommodations tax, including delinquencies and penalties, for a 2-year period beginning 1/1/2025.

**SYNOPSIS:** Amends section 237D-2.5, HRS, to add a proviso saying that upon the written request of the mayor of a county having a population greater than one hundred thousand and less than two hundred thousand, the director of taxation shall be authorized for a two-year period beginning on January 1, 2025, to assist the county in levying, assessing, collecting, and otherwise administering the county transient accommodations tax, including delinquencies and penalties. All county transient accommodations taxes paid into the state treasury pursuant to this section shall be kept by the director of finance in a special account for distribution to the applicable county. On or before January 1 or July 1 of each year, the director of finance shall compute and pay the amount due to the applicable county, which shall become a general fund realization of the county.

**EFFECTIVE DATE:** Upon approval.

**STAFF COMMENTS:** The preamble to the bill represents that the Maui County Department of Finance is understaffed, with only 2 positions filled out of 8 authorized on the county TAT team.

Taking the representation at face value, it would appear that the relief in this bill is reasonable. To provide for the possibility of such relief in the future or for other counties in a similar pinch, we would recommend that the safety valve provided not be time- and county- specific; perhaps it could be triggered by the written request of a mayor that is approved by the Governor.

Digested: 2/12/2024



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**LATE**

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS  
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211  
Wednesday, February 28, 2024, 10:02 A.M.**

To The Honorable Senator Donovan M. Dela Cruz, Chair  
The Honorable Senator Sharon Y. Moriwaki, Vice Chair  
Members of the committee on Ways and Means

**SUPPORT SB2831 RELATING TO THE COUNTY TRANSIENT ACCOMMODATIONS TAX**

The Maui Chamber of Commerce **SUPPORTS SB2831.**

We understand and appreciate that the County of Maui is requesting assistance managing the County Transient Accommodations Tax, given the many challenges we are facing in the aftermath of the August 8 wildfires. We support including the 2-year cap and hope that the goal of hiring and training new personnel to manage this in Maui will be achieved in that timeframe.

For these reasons, we **support SB2831.**

Sincerely,

Pamela Tumpap  
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.