

RICHARD T. BISSEN, JR.
Mayor

SCOTT K. TERUYA
Director

STEVE A. TESORO
Deputy Director



DEPARTMENT OF FINANCE
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

February 21, 2024

Honorable Richard T. Bissen, Jr.
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL


Mayor Date

For Transmittal to:

Honorable Yuki Lei K. Sugimura, Chair
Budget, Finance, and Economic Development Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Sugimura:

SUBJECT: BILL 7 (2024), AMENDING CHAPTER 3.47, MAUI COUNTY CODE, RELATING TO THE COUNTY TRANSIENT ACCOMMODATIONS TAX (BFED-71)

Pursuant to your letter dated February 14, 2024, regarding the request for comment or suggested revisions to the above mentioned bill, please refer to the response below:

The Department of Finance does not oppose the revisions being proposed, however there are some factors that should be considered. There are data limitations that would affect the ability to comply with the suggested revisions to the county code. The taxpayers of transient accommodations tax (TAT) do not file tax forms directly with Maui County. These taxpayers file TAT tax forms directly with the state and are then deemed to have filed tax forms with the County. Taxpayers are then required to pay the County TAT based on those state tax filings directly to the County. The Hawaii Department of Taxation (DoTAX) provides limited information to the County regarding the TAT tax filings the state receives each month. Unfortunately, this information does not provide County Council district information, and does not provide where the properties are located. Additionally, DoTAX issues taxpayers a TA number in order to file their tax forms and taxpayers can have one TA number for multiple properties that may cross multiple County Council districts.

Providing data based on the taxpayer address will also be difficult. There are several bulk filers or taxpayer representatives that use their address on behalf of their clients when making payments to the County. DoTAX has shared some taxpayer address data with the County, however DoTAX has made it clear that this data will not be provided with any regularity. Currently, the County does not have a repository for all taxpayer addresses or a mechanism to allow for address changes, since those are formally done with DoTAX.

Currently the software used by the County for TAT collections does not provide for the ability to reconcile the state information received to the payments received by the County. Additionally, the TAT group only has three positions filled out of a possible eight positions. We are actively recruiting for three positions with no success to this point with the remaining two positions undergoing review with DPS. The County does not currently have the ability to provide an aged accounts receivable list as a result of the software limitation and staffing issue.

While the Department of Finance is committed to providing as much relevant data and transparency to the Administration and County Council around TAT, the fact remains that this data is not currently available. While we continue to work daily with the current software vendor to improve the process and available data, evaluation of the current payment software is ongoing and may result in change if the required features and information remain a challenge to obtain.

Thank you for your attention to this matter. Should you have any questions, please feel free to contact me at Ext. 7474.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Tesoro", with several overlapping loops and a horizontal line across the middle.

Steve Tesoro
Deputy Director of Finance

attachments

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

February 14, 2024

Mr. Steve Tesoro, Acting Director
Department of Finance
County of Maui
Wailuku, Hawaii 96793

Dear Mr. Tesoro:

SUBJECT: BILL 7 (2024), AMENDING CHAPTER 3.47, MAUI COUNTY CODE, RELATING TO THE COUNTY TRANSIENT ACCOMMODATIONS TAX (BFED-71)

The Budget, Finance, and Economic Development Committee is in receipt of Bill 7 (2024), which is a proposal to address recommendations made by the Office of the County Auditor in its "Evaluation of the Assessment and Collection of Maui County Transient Accommodations Tax," Report 23-01, dated December 2023. A copy of the bill is attached for your reference.

May I please request you review the bill and provide any comments or suggested revisions.

May I further request you transmit your response to bfed.committee@mauicounty.us by **February 23, 2024**. To ensure efficient processing, please include the relevant Committee item number in the subject line of your response.

Should you have any questions, please contact me or the Committee staff (James Krueger at ext. 7761, Kasie Apo Takayama at ext. 7665, or Yvette Bouthillier at ext. 7758).

Sincerely,

A handwritten signature in black ink that reads "Yuki Lei Sugimura".

YUKI LEI K. SUGIMURA, Chair
Budget, Finance, and Economic
Development Committee

bfed:ltr:071afn01:jgk
Attachment
cc: Mayor Richard T. Bissen, Jr.

ORDINANCE NO. _____

BILL NO. 7 (2024)

A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.47,
MAUI COUNTY CODE, RELATING TO THE COUNTY
TRANSIENT ACCOMMODATIONS TAX

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. This Ordinance's purpose is to address recommendations made by the Office of the County Auditor in its "Evaluation of the Assessment and Collection of Maui County Transient Accommodations Tax," Report 23-01, dated December 2023.

SECTION 2. Chapter 3.47, Maui County Code, is amended by adding a new section to be appropriately designated and to read as follows:

"3.47.190 Reporting. Subject to the restrictions in section 3.47.130(A), the director must submit to the council quarterly reports that include:

A. The number of County transient accommodations and estimated taxes under this chapter, grouped by council residency area in which the transient accommodation is located.

B. The number of County transient accommodations, grouped by the taxpayer's mailing address, as follows:

1. Within the County.

2. Outside the County but within the State.

3. Outside the State but within the United States.

4. Outside the United States.

C. An aged accounts receivable list of delinquent County transient accommodations that are:

1. One to thirty days past due.

2. Thirty-one to sixty days past due.

3. Sixty-one to ninety days past due.

4. Over ninety days past due.

D. Other relevant data."

SECTION 3. Section 3.47.130, Maui County Code, is amended by amending subsection B to read as follows:

“B. The director may destroy any of the monthly, quarterly, or semiannual returns filed under section 3.47.070 [upon the expiration of] after three years [after the end of the calendar or fiscal year in which the taxes so returned accrued.] except in the case of:

1. A taxpayer having a deficiency in payment under section 3.47.110(B) or a false or fraudulent return with intent to evade tax under section 3.47.110(D); and

2. Taxes and interest assessed or levied have not been fully collected.”

SECTION 4. Material to be repealed is bracketed. New material is underscored. In printing this bill, the County Clerk need not include the brackets, the bracketed material, or the underscoring.

SECTION 5. This Ordinance takes effect on approval.

APPROVED AS TO FORM AND LEGALITY:



KRISTINA C. TOSHIKIYO
Department of the Corporation Counsel
County of Maui
paf:cmn:23-362a
LF2023-2174
PAF 23-362 2024-01-03 Ord Amd Ch 3.47

INTRODUCED BY:

A handwritten signature in cursive script, appearing to read "Alice L. Lee".

ALICE L. LEE

BFED Committee

From: Michelle Santos <Michelle.Santos@co.maui.hi.us>
Sent: Thursday, February 22, 2024 9:52 AM
To: BFED Committee
Cc: Cynthia Sasada; Didi Hamai; Josiah Nishita; Keanu LauHee; Leo Caires; Louise Batoon; Pili Nahooikaika; Scott Teruya; Steve Tesoro
Subject: MT#10522 Bill 7
Attachments: MT#10522-BFED Committee.pdf

NOTE: PLEASE DO NOT FORWARD MY EMAIL TO ANYONE OUTSIDE OF THE COUNTY OF MAUI. YOU MAY CLICK ON THE ATTACHMENT ITSELF AND CREATE YOUR OWN EMAIL TO FORWARD THE DOCUMENT TO ANOTHER PERSON OUTSIDE OF THE COUNTY.

Michelle L. Santos

Office Operations Assistant

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County of Maui
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