STAND. COM. REP. NO. 1531 -26

Honolulu, Hawaii

MAR 30 , 2026

RE: S.B. No. 2698
S.D. 2
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Tourism, to which was referred S.B. No. 2698, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION,"

begs leave to report as follows:

The purpose of this measure is to:

(1) Require the Department of Transportation to assess a per-passenger head fee against cruise ships docking in the State's commercial harbors;

(2) Establish the Cruise Ship Special Fund to be used for port facility and capital improvement projects to support cruise ship operations;

(3) Repeal existing law imposing the Transient Accommodations Tax on cruise ships, effective retroactive to January 1, 2026; and

(4) Appropriate funds.

Your Committee received testimony in support of this measure from the Department of Transportation; Hawaii Harbors Users Group; Matson Navigation Company, Inc.; Polynesian Adventure Tours;

Honolulu Ship Supply; The Maritime Group; Norwegian Cruise Line Holding Ltd; Kilohana Plantation; Hawaii Stevedores, Inc.; and two individuals. Your Committee received comments on this measure from the Department of Taxation; Hawaii Tourism Authority; Care for ʻĀina Now Coalition; Maui Chamber of Commerce; and Hawaii Transportation Association.

Your Committee finds that cruise ship operations create significant demands on the State's commercial harbor and port facilities, and that a stable and transparent revenue mechanism is necessary to support port facility and harbor capital improvement projects that benefit cruise ship operations. Your Committee further finds that the framework enacted in Act 96, Session Laws of Hawaii 2025, to apply the transient accommodations tax to prorated cruise fares has presented enforcement and compliance challenges, in part because cruise purchases are typically sold as bundled packages that include more than onboard lodging. Your Committee believes that a flat, per-passenger fee assessed when cruise ships dock at commercial harbors is a fairer and more practical way to assess a charge comparable to the Transient Accommodations Tax that will ensure cruise passengers contribute meaningfully to the upkeep and maintenance of the State's harbor and port facilities.

As affirmed by the record of votes of the members of your Committee on Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2698, S.D. 2, H.D. 1, and recommends that it be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Tourism,

ADRIAN K. TAM, Chair

State of Hawaii
House of Representatives
The Thirty-third Legislature

HSCR 1531-26

Record of Votes of the Committee on Tourism

Bill/Resolution No.:	Committee Referral:	Date:
SB2698 SD2 HD1	TRN, TOU, FIN	3.24.26

☐ The committee is reconsidering its previous decision on the measure.

The recommendation is to: ☑ Pass, unamended (as is) ☐ Pass, with amendments (HD) ☐ Hold
☐ Pass short form bill with HD to recommit for future public hearing (recommit)

TOU Members	Ayes	Ayes (WR)	Nays	Excused
1. TAM, Adrian K. (C)	✓			
2. TEMPLO, Shirley Ann (VC)	✓			
~~3. HOLT, Daniel~~				
4. HUSSEY, Ikaika	✓			
5. ILAGAN, Greggor	✓			
6. YAMASHITA, Kyle T.	✓			
7. GEDEON, Joe	✓			
TOTAL ~~7~~ 6	6			

The recommendation is: ☑ Adopted ☐ Not Adopted
If joint referral, _____ did not support recommendation.
committee acronym(s)

Vice Chair's or designee's signature: _____

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