STAND. COM. REP. NO. 2954

Honolulu, Hawaii

MAR 0 6 2026

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

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committees on Ways and Means and Judiciary, to which was referred S.B. No. 2698, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION,"

beg leave to report as follows:

The purpose and intent of this measure is to generate revenues to fund port facility and capital improvements for the State's harbors.

More specifically, the measure retroactively repeals, effective January 1, 2026, the current imposition of the transient accommodations tax on cruise ships and instead assesses a per-head fee on cruise ships docking in the State's commercial harbors to be deposited into a cruise ship special fund.

Your Committees received written comments in support of this measure from the Department of Transportation; Hawaii Stevedores, Inc.; Matson Navigation Company, Inc.; McCabe Hamilton & Renny Co., Ltd.; Norwegian Cruise Line Holdings Ltd.; Hawaii Harbors Users Group; Polynesian Adventure Tours; The Maritime Group; Hawaii Pilots Association; Kilohana Plantation; Show You Hawaii LLC; Hawaii Tour Consultants; and Hike Maui.

Your Committees received written comments in opposition to this measure from one individual.

Your Committees received written comments on this measure from the Department of Taxation, Department of the Attorney General, Hawaii Tourism Authority, Care for Aina Now Coalition Leadership Committee, and Hawaii Transportation Association.

Your Committees find that there is an ongoing need for funding to maintain and upgrade the State's critical maritime infrastructure. Based on cruise ship counts from fiscal year 2025, the Department of Transportation estimates that the State could receive up to $9,700,000 in annual revenue from the fee proposed by this measure. Accordingly, your Committees find that this measure will help provide funding for the State to maintain and manage its current maritime infrastructure and to take actions to mitigate the impacts of coastal erosion, changing sea conditions, and pollution.

Your Committees have amended this measure by changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

As affirmed by the records of votes of the members of your Committees on Ways and Means and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2698, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 2698, S.D. 2.

Respectfully submitted on behalf of the members of the Committees on Ways and Means and Judiciary,

KARL RHOADS, Chair

DONOVAN M. DELA CRUZ, Chair

The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:
SB2698, SD1	TRS/EDT, WAM/JDC	03/04/2026

☐ The Committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to: _____

The Recommendation is:

☐ Pass, unamended 2312 ☒ Pass, with amendments 2311 ☐ Hold 2310 ☐ Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
DECOITE, Lynn	X			
ELEFANTE, Brandon J.C.	X			
HASHIMOTO, Troy N.	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
RICHARDS, III, Herbert M. "Tim"	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	13	0	0	0

Recommendation: ☒ Adopted ☐ Not Adopted

Chair's or Designee's Signature:

Distribution: Original — File with Committee Report; Yellow — Committee; Pink — Drafting Agency

*Only one measure per Record of Votes

Revised: 01/02/26

The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Judiciary
JDC

Bill / Resolution No.:*	Committee Referral:	Date:
SB 2698 SD1	TRS/EDT, WAM/JDC	3/4/26

☐ The Committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to: _____

The Recommendation is:

☐ Pass, unamended 2312 ☑ Pass, with amendments 2311 ☐ Hold 2310 ☐ Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
RHOADS, Karl (C)	✓			
GABBARD, Mike (VC)	✓			
CHANG, Stanley	✓			
SAN BUENAVENTURA, Joy A.		✓		
AWA, Brenton	✓			
TOTAL	4	1	—	—

Recommendation: ☑ Adopted ☐ Not Adopted

Chair's or Designee's Signature: Mike Gabbard

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Revised: 01/02/26