
A BILL FOR AN ACT

RELATING TO TRANSPORTATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 266, Hawaii Revised Statutes, is
2 amended by adding two new sections to be appropriately
3 designated and to read as follows:

4 **"§266-A Cruise ships; passenger head infrastructure fee.**

5 (a) The department of transportation shall assess a fee of
6 \$ _____ per passenger against any cruise ship that docks in
7 any commercial harbor in the State. The fee shall be assessed
8 at each port entry and is in addition to existing port user
9 fees, such as port entry, dockage and passenger fees, authorized
10 by this chapter and set forth in Hawaii Administrative Rules.

11 (b) All fees collected pursuant to this section shall be
12 deposited into the cruise ship special fund established pursuant
13 to section 266-B.

14 (c) For the purposes of this section:

15 "Cruise ship" means any ship that docks at any commercial
16 harbor in the State that charges a fee for and provides cruise
17 ship cabins to passengers.



1 "Cruise ship cabin" means an accommodation or living
2 quarter on a cruise ship that is provided to a passenger.

3 **\$266-B Cruise ship special fund; established.** (a) There
4 is established in the state treasury the cruise ship special
5 fund, into which shall be deposited:

6 (1) All revenues from any fees collected pursuant to
7 section 266-A;
8 (2) Appropriations made by the legislature for deposit
9 into the fund;
10 (3) All contributions from public or private partners; and
11 (4) All interest earned on or accrued to moneys deposited
12 in the special fund.

13 (b) Moneys in the cruise ship special fund shall be used
14 solely for port facility and harbor capital improvement projects
15 to support cruise ship operations."

16 SECTION 2. Section 37-79, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "**[+]§37-79[+]** **Climate change and tourism destination**
19 **management; projects; budget request.** The governor shall
20 request, in the budget or the supplemental budget submitted to
21 the legislature pursuant to section 37-71 or 37-72, that an



1 amount of general funds that approximates the additional revenue
2 generated by any increase to the transient accommodations tax
3 rates pursuant to section 237D-2(a)(6) and (c)(4) beginning on
4 January 1, 2026, and section 237D-2(e) beginning on July 1,
5 2026, ~~and by assessment of the transient accommodations tax on~~
6 ~~gross rental proceeds derived from cruise fares pursuant to~~
7 ~~section 237D-2(a)~~ be expended equally to advance specific
8 projects to:

9 (1) Protect, manage, and restore the State's natural
10 resources, including native forests, native plants and
11 animals, aquatic resources, coastal lands, and
12 freshwater resources;

13 (2) Increase the resilience of structures and
14 infrastructure to natural and climate-related
15 disasters, such as hurricanes and sea level rise, and
16 perform hazard mitigation activities, such as wildfire
17 and flood mitigation; and

18 (3) Improve the visitor experience, mitigate the impacts
19 of tourism on the natural environment, ensure that the
20 State's natural resources are maintained for future
21 residents and visitors, and support destination



1 management, such as park improvements and beach
2 improvement, nourishment, and maintenance projects."

3 SECTION 3. Section 237D-1, Hawaii Revised Statutes, is
4 amended as follows:

5 1. By amending the definition of "gross rental" or "gross
6 rental proceeds" to read:

7 ""Gross rental" or "gross rental proceeds" means the gross
8 receipts, cash or accrued, of the taxpayer received as
9 compensation for the furnishing of transient accommodations or
10 entering into arrangements to furnish transient accommodations
11 and the value proceeding or accruing from the furnishing of
12 transient accommodations or entering into arrangements to
13 furnish transient accommodations, including resort fees without
14 any deductions on account of the cost of property or services
15 sold, the cost of materials used, labor cost, taxes, royalties,
16 interest, discounts, or any other expenses whatsoever. [~~"Gross
17 rental" or "gross rental proceeds" includes the gross receipts
18 derived from cruise fares.~~] Every taxpayer shall be presumed to
19 be dealing on a cash basis unless the taxpayer proves to the
20 satisfaction of the department of taxation that the taxpayer is
21 dealing on an accrual basis and the taxpayer's books are so



1 kept, or unless the taxpayer employs or is required to employ
2 the accrual basis for the purposes of the tax imposed by chapter
3 237 for any taxable year in which event the taxpayer shall
4 report the taxpayer's gross income for the purposes of this
5 chapter on the accrual basis for the same period.

6 The words "gross rental" or "gross rental proceeds" shall
7 not be construed to include the amounts of taxes imposed by
8 chapter 237 or this chapter on operators of transient
9 accommodations, transient accommodations brokers, travel
10 agencies, and tour packagers and passed on, collected, and
11 received from the consumer as part of the receipts received as
12 compensation for the furnishing of transient accommodations or
13 entering into arrangements to furnish transient accommodations.

14 Where transient accommodations are furnished through
15 arrangements made by a transient accommodations broker, travel
16 agency, or tour packager at noncommissionable negotiated
17 contract rates and the gross income is divided between the
18 operator of transient accommodations on the one hand and the
19 transient accommodations broker, travel agency, or tour packager
20 on the other hand, the tax imposed by this chapter shall apply
21 to each operator and transient accommodations broker, travel



1 agency, or tour packager with respect to that person's
2 respective portion of the proceeds and no more.

3 For purposes of this definition, where the operator
4 maintains a schedule of rates for identifiable groups of
5 individuals, such as kamaainas, upon which the accommodations
6 are leased, let, or rented, gross rental or gross rental
7 proceeds means the receipts collected and received based upon
8 the scheduled rates and recorded as receipts in its books and
9 records."

10 2. By deleting the definitions of "cruise fare", "cruise
11 ship", and "cruise ship cabin".

12 ~~[""Cruise fare" means the total amount paid by a transient
13 for a cruise ship cabin on a cruise ship, inclusive of any
14 mandatory fees imposed by a cruise ship operator, owner, or
15 representative thereof on a transient for the use of shipboard
16 services, facilities, meals, and onboard entertainment, but does
17 not include optional charges for shipboard services, meals,
18 excursions, and onboard entertainment beyond the mandatory fee
19 amount.]~~



1 "Cruise ship" means any ship that docks at any port in the
2 State that charges a fee for and provides cruise ship cabins to
3 transients.

4 "Cruise ship cabin" means an accommodation or living
5 quarter on a cruise ship that is provided to a transient."]

6 SECTION 4. Section 237D-2, Hawaii Revised Statutes, is
7 amended by amending subsection (a) to read as follows:

8 "(a) There is levied and shall be assessed and collected
9 each month a tax of:

10 (1) Five per cent for the period beginning on January 1,
11 1987, to June 30, 1994;

12 (2) Six per cent for the period beginning on July 1, 1994,
13 to December 31, 1998;

14 (3) 7.25 per cent for the period beginning on January 1,
15 1998 to June 30, 2000.

16 (4) 8.25 per cent for the period beginning on July 1,
17 8.25 per cent for the period beginning on July 1,

18 (5) 9.25 per cent for the period beginning on July 1,

20 (6) Ten per cent for the period beginning on January 1,
21 2026, and thereafter.

1 on the gross rental or gross rental proceeds derived from
2 furnishing transient accommodations [~~; provided that an operator~~
3 ~~of a cruise ship shall be assessed and pay a tax of eleven per~~
4 ~~cent under this subsection on all gross rental proceeds derived~~
5 ~~from cruise fares prorated by the percentage of days docked at~~
6 ~~any port in the State in comparison to the total number of days~~
7 ~~of the voyage].~~."

8 SECTION 5. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

10 SECTION 6. This Act shall take effect on July 1, 3000;
11 provided that sections 2, 3, and 4 shall take effect retroactive
12 to January 1, 2026.



Report Title:

DOT; TAT; Cruise Ships; Passenger Head Infrastructure Fee;
Cruise Ship Special Fund

Description:

Requires the Department of Transportation to assess a per passenger head infrastructure fee against cruise ships docking in the State's commercial harbors. Establishes the Cruise Ship Special Fund. Repeals existing law imposing the Transient Accommodations Tax on cruise ships, effective retroactive to 1/1/2026. Effective 7/1/3000. (HD1)

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