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# 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 fee. (a) The  
5 department of transportation shall assess a fee of \$       per  
6 passenger against any cruise ship that docks in any commercial  
7 harbor in the State. The fee shall be assessed at each port  
8 entry and shall be assessed in addition to existing port user  
9 fees pursuant to this chapter and set forth in rules adopted by  
10 the department of transportation pursuant to chapter 91,  
11 including port entry, dockage, and passenger fees.

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

15           (c) For the purposes of this section:



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

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

6 **§266-B Cruise ship special fund; established.** (a) There  
7 is established in the state treasury the cruise ship special  
8 fund, into which shall be deposited:

9 (1) All revenues from any fees collected pursuant to  
10 section 266-A;

11 (2) All contributions from public or private partners; and

12 (3) All interest earned on or accrued to moneys deposited  
13 in the special fund.

14 (b) Moneys in the cruise ship special fund shall be used  
15 solely for port facility and capital improvement projects to  
16 support cruise ship operations as authorized by the director of  
17 transportation."

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

20 "[+]§37-79[+] **Climate change and tourism destination**  
21 **management; projects; budget request.** The governor shall



1 request, in the budget or the supplemental budget submitted to  
2 the legislature pursuant to section 37-71 or 37-72, that an  
3 amount of general funds that approximates the additional revenue  
4 generated by any increase to the transient accommodations tax  
5 rates pursuant to section 237D-2(a)(6) and (c)(4) beginning on  
6 January 1, 2026, and section 237D-2(e) beginning on July 1,  
7 2026, [~~and by assessment of the transient accommodations tax on~~  
8 ~~gross rental proceeds derived from cruise fares pursuant to~~  
9 ~~section 237D-2(a)] be expended equally to advance specific  
10 projects to:~~

- 11 (1) Protect, manage, and restore the State's natural  
12 resources, including native forests, native plants and  
13 animals, aquatic resources, coastal lands, and  
14 freshwater resources;
- 15 (2) Increase the resilience of structures and  
16 infrastructure to natural and climate-related  
17 disasters, such as hurricanes and sea level rise, and  
18 perform hazard mitigation activities, such as wildfire  
19 and flood mitigation; and
- 20 (3) Improve the visitor experience, mitigate the impacts  
21 of tourism on the natural environment, ensure that the



1 State's natural resources are maintained for future  
2 residents and visitors, and support destination  
3 management, such as park improvements and beach  
4 improvement, nourishment, and maintenance projects."

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

7 1. By amending the definition of "gross rental" or "gross  
8 rental proceeds" to read:

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



1 satisfaction of the department of taxation that the taxpayer is  
2 dealing on an accrual basis and the taxpayer's books are so  
3 kept, or unless the taxpayer employs or is required to employ  
4 the accrual basis for the purposes of the tax imposed by chapter  
5 237 for any taxable year in which event the taxpayer shall  
6 report the taxpayer's gross income for the purposes of this  
7 chapter on the accrual basis for the same period.

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

16       Where transient accommodations are furnished through  
17 arrangements made by a transient accommodations broker, travel  
18 agency, or tour packager at noncommissionable negotiated  
19 contract rates and the gross income is divided between the  
20 operator of transient accommodations on the one hand and the  
21 transient accommodations broker, travel agency, or tour packager



1 on the other hand, the tax imposed by this chapter shall apply  
2 to each operator and transient accommodations broker, travel  
3 agency, or tour packager with respect to that person's  
4 respective portion of the proceeds and no more.

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

12 2. By deleting the definitions of "cruise fare", "cruise  
13 ship", and "cruise ship cabin".

14 [~~"Cruise fare" means the total amount paid by a transient  
15 for a cruise ship cabin on a cruise ship, inclusive of any  
16 mandatory fees imposed by a cruise ship operator, owner, or  
17 representative thereof on a transient for the use of shipboard  
18 services, facilities, meals, and onboard entertainment, but does  
19 not include optional charges for shipboard services, meals,  
20 excursions, and onboard entertainment beyond the mandatory fee  
21 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       1999, to June 30, 2009;

16       (4) 8.25 per cent for the period beginning on July 1,  
17       2009, to June 30, 2010;

18       (5) 9.25 per cent for the period beginning on July 1,  
19       2010, to December 31, 2025; and

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. There is appropriated out of the cruise ship  
9 special fund established pursuant to section 266-B, Hawaii  
10 Revised Statutes, the sum of \$ or so much thereof as  
11 may be necessary for fiscal year 2026-2027 for the purposes of  
12 this Act.

13 The sum appropriated shall be expended by the department of  
14 transportation for the purposes of this Act.

15 SECTION 6. Section 1 of this Act does not affect rights  
16 and duties that matured, penalties that were incurred, and  
17 proceedings that were begun before its effective date.

18 SECTION 7. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.



1 SECTION 8. This Act shall take effect on July 1, 3000;  
2 provided that sections 2, 3, and 4 shall take effect retroactive  
3 to January 1, 2026.



**Report Title:**

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

**Description:**

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

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

