

STAND. COM. REP. NO. 2954

Honolulu, Hawaii

**MAR 06 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,



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KARL RHOADS, Chair



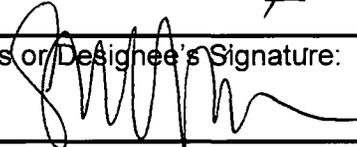
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DONOVAN M. DELA CRUZ, Chair



The Senate  
Thirty-Third Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2698, SD 1	TRS/EDT, WAM/JDC	08/04/2026		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> 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			
<b>TOTAL</b>	13	0	0	0
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
<b>Distribution:</b>				
Original	Yellow	Pink		
File with Committee Report	Committee	Drafting Agency		

\*Only one measure per Record of Votes

