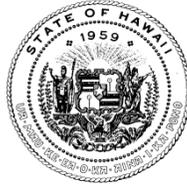


JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



EDWIN H. SNIFFEN
DIRECTOR
KA LUNA HO'OKELE

Deputy Directors
Nā Hope Luna Ho'okele
DREANALEE K. KALILI
TAMMY L. LEE
CURT T. OTAGURO
ROBIN K. SHISHIDO

STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

Thursday, March 5, 2026
2:00 p.m.
State Capitol, 308

HB2195, HD1
RELATING TO TRANSPORTATION

House Committee on Finance

The Department of Transportation (DOT) supports this measure that authorizes the Department to assess a per passenger head fee against cruise ships docking in the State's commercial harbors, establishes the Cruise Ship Special Fund, and repeals existing law imposing the transient accommodations tax on cruise ships.

The DOT recognizes the intent of this bill to generate revenue for port facility and harbor capital improvements through a passenger head fee on cruise ships. We appreciate the Legislature's efforts to address the ongoing need for funding to maintain and upgrade our critical maritime infrastructure.

The original version of this measure proposed a per passenger fee of \$6.50, but the H.D. 1 blanked out the specific fee amount. Based on cruise ship passenger counts from Fiscal Year 2025, we estimate the annual revenue generation from this fee as originally proposed at \$6.50 is \$6.3 million. Port improvements, especially those at cruise facilities, are costly. To better cover these costs, DOT requests this committee consider setting the per passenger fee at \$10.00 to generate sufficient revenue to support timely project delivery.

Thank you for the opportunity to provide testimony in support of this bill.

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 2195, H.D.1, Relating to Transportation

BEFORE THE:

House Committee on Finance

DATE: Thursday, March 5, 2026

TIME: 2:00 p.m.

LOCATION: State Capitol, Room 308

Chair Todd, Vice-Chair Takenouchi, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 2195, H.D.1, for your consideration.

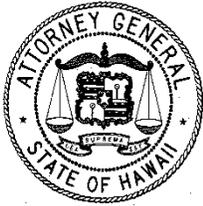
H.B. 2195, H.D.1, amends chapter 266, Hawaii Revised Statutes (HRS), governing the Department of Transportation Harbors Division, by adding section 266-A, HRS, which imposes a new per passenger "infrastructure fee" of an unspecified amount. This fee would be collected for each passenger, on any cruise ship upon its entry at any commercial harbor in Hawai'i, and is in addition to existing port user fees. All revenues collected from the fee shall be deposited into the new "cruise ship special fund" established under new section 266-B, HRS.

Sections 3 and 4 of the bill amend sections 237D-1 and 237D-2, HRS, to repeal the imposition of the transient accommodations tax on cruise fares.

The measure has a defective effective date of July 1, 3000, provided that sections 2, 3, and 4 take effect retroactively on January 1, 2026.

DOTAX notes that it can implement the tax law changes in sections 3 and 4 of the bill with the retroactive January 1, 2026, effective date.

Thank you for the opportunity to provide comments on this measure.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2026**

ON THE FOLLOWING MEASURE:

H.B. NO. 2195, H.D. 1, RELATING TO TRANSPORTATION.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Thursday, March 5, 2026

TIME: 2:00 p.m.

LOCATION: State Capitol, Room 308

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Ryan W. Roylo, Deputy Attorney General

Chair Todd and Members of the Committee:

The Department of the Attorney General provides the following comments.

The purpose of this bill is to impose a passenger head fee upon cruise ships that will be deposited into a cruise ship special fund for port facility and harbor capital improvement projects. This bill also retroactively repeals the transient accommodations tax on cruise ships established by Act 96, Session Laws of Hawaii 2025, on January 1, 2026, the effective date of Act 96.

Section 1 of this bill proposes to add two new sections to chapter 266, Hawaii Revised Statutes. The second new section, temporarily designated as section 266-B, will establish the Cruise Ship Special Fund. The Department is concerned that the new section 266-B(b), which designates moneys in the special fund to be used solely for port facility and capital improvement projects to support cruise ship operations, does not provide for the authorization of expenditures from the special fund by an administrator. In addition, the Department is concerned that the new section 266-B(a)(2), page 2, lines 8-9, allows for an appropriation by the Legislature into the special fund, but this bill does not provide for an appropriation by the Legislature for depositing funds into the special fund. According to article VII, section 5, of the Hawaii State Constitution, "[n]o public money shall be expended except pursuant to appropriations made by law." Further, the new section 266-B(b), at page 2, lines 13-15, does not provide for the administration of the special fund by the Department of Transportation. Finally, in order to preserve the validity of existing laws, the Department is concerned about the lack of a savings clause in the bill.

The following suggested amendments to the bill will address our concerns.

Authorization of Expenditures out of the Special Fund.

We recommend amending the new section 266-B(b), at page 2, lines 13-15, as follows:

(b) Moneys in the cruise ship special fund shall be used solely for port facility and harbor capital improvement projects to support cruise ship operations[-] as authorized by the director of transportation.

(Suggested amendments are Ramseyered against the wording of the bill, with original underscoring removed.)

Expenditure Provisions.

If the Committee believes that the Legislature may appropriate startup general revenue funds into the special fund, we recommend that a new section 5 of the bill be inserted at page 8, beginning at line 8:

SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of \$_____ or so much thereof as may be necessary for fiscal year 2026-2027 to be deposited into the cruise ship special fund.

The bill does not appropriate money out of the new special fund. Without allowing for the expenditure of funds, the Department of Transportation will not be able to carry out the purpose of the bill. If the intent of the bill is to allow the expenditure of funds for port facility and harbor capital improvement projects, we recommend that a new section 6 of the bill be inserted at page 8, beginning at line 10:

SECTION 6. There is appropriated out of the cruise ship special fund the sum of \$_____ or so much thereof as may be necessary for fiscal year 2026-2027 for the purposes of this Act.

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

Savings Clause for Passenger Head Fee.

To preserve the validity of existing laws, and to ensure that section 1 of the bill, which establishes the passenger head fee, is applied prospectively, the following savings clause is recommended to be inserted as a new section 7:

SECTION 7. Section 1 of this Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

(Existing sections 5 and 6 should be renumbered as sections 8 and 9.)

We respectfully ask the Committee to make the recommended amendments.

Thank you for the opportunity to provide comments on this bill.



TESTIMONY OF
CAROLINE ANDERSON
Interim President & CEO
Hawai'i Tourism Authority
before the
HOUSE COMMITTEE ON FINANCE

Thursday, March 5, 2026
2:00 p.m.
State Capitol, Room 308

In consideration of
HB 2195 HD 1
RELATING TO TRANSPORTATION

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

The Hawai'i Tourism Authority (HTA) offers comments on HB 2195 HD1, which would establish a per-passenger head fee on cruise ships each time they dock at a commercial harbor in the State. It would also create a Cruise Ship Special Fund and limit its use to port and harbor capital improvement projects that support the cruise industry. In addition, the bill would repeal the existing framework that applies the transient accommodations tax (TAT) to cruise ship cabins and fares.

HTA believes HB 2195 HD1 addresses several industry concerns regarding the framework established by Act 096. First, a flat, per-passenger fee assessed at each port call is easier for cruise lines to forecast and administer than a percentage-based tax applied to cruise fares.

Second, the per-passenger approach is a more practical and fair way to assess a charge comparable to a transient accommodations tax, because cruise purchases are typically sold as bundled packages that include much more than onboard lodging. A flat fee acknowledges that difference and simplifies the application of an accommodation-style tax to a bundled product.

Third, directing revenues into a dedicated Cruise Ship Special Fund provides a clearer and more transparent path for how revenues are spent. By limiting the fund to port and harbor capital improvements, the bill strengthens the connection between the fee paid and the benefit provided at the locations cruise ships and passengers use.

Finally, focusing the fund on harbor and port infrastructure upgrades—especially shore power—can help cruise operators meet the sustainability expectations outlined in the Department of Transportation's Hawai'i Energy Security and Waste Reduction Plan. This approach is also consistent with the environmental intent of Act 096, by supporting investments that reduce impacts and improve environmental performance in maritime operations.

Mahalo for the opportunity to provide comments on HB 2195 HD1.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS, MISCELLANEOUS, New Head Charge for Cruise Ships, Repeal of TAT Extension to Cruise Ships

BILL NUMBER: HB 2195 HD1

INTRODUCED BY: TRN

EXECUTIVE SUMMARY: 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)

SYNOPSIS: Adds two new sections to chapter 266, HRS.

The first would establish a passenger head fee of \$_____ per passenger to be collected from any cruise ship that docks in any commercial harbor in the State.

The second would establish a special fund into which the fee would be deposited.

Amends sections 37-79, 237D-1, and 237D-2, HRS, to repeal the 2025 amendments extending the transient accommodations tax to cruise ships.

EFFECTIVE DATE: July 1, 3000; the tax sections in the bill are retroactive to January 1, 2026.

STAFF COMMENTS: We note that the cruise ship industry has filed suit in federal court against the State seeking to enjoin enforcement of the transient accommodation tax extension to cruise ships as a violation of the Tonnage Clause in the U.S. Constitution and the Rivers and Harbors Act, 33 U.S.C. § 5.

The U.S. Supreme Court has read the language of the Tonnage Clause “as forbidding a State to ‘do that indirectly which she is forbidden . . . to do directly.’ *Passenger Cases*, 7 How. 283, 458 (1849). Thus, the Court has said that the Clause, which literally forbids a State to ‘levy a duty or tax . . . graduated on the tonnage,’ must also forbid a State to ‘effect the same purpose by merely changing the ratio, and graduating it on the number of masts, or of mariners, the size and power of the steam-engine, **or the number of passengers which she carries.**’ *Id.*, at 458–459.” *Polar Tankers, Inc. v. City of Valdez*, 557 U.S. 1, 8 (2009) (bold type added).

We understand that the Harbors Division of DOT now imposes port entry, dockage, and passenger user fees under chapter 266, HRS, and the administrative rules thereunder. Apparently, those fees have never been challenged. And section 266-B(b) proposed requires that moneys collected by the per-head charge be used solely for port facility and harbor capital improvement projects to support cruise ship operations. Care must be taken to ensure that the fund is restricted in use and does not get deployed to fund statewide green projects like the rest of the “green fee” authorized

in 2025; if it does, or if the fees assessed are not reasonably proportionate to the benefits received, this fee may be characterized as a tax (see *Hawaii Insurers Council v. Lingle*, 120 Haw. 51, 201 P.3d 564, (2008); *State v. Medeiros*, 89 Haw. 361, 973 P.2d 736 (1999)), and, as such, may be vulnerable to Tonnage Clause challenge.

Digested: 2/15/2026



Care for 'Āina Now Coalition

March 5, 2026

Hawai'i State Legislature
House Committee on Finance

Re: Testimony with **Comments** on HB 2195 HD1, Relating to Transportation

Aloha Chair Todd, Vice Chair Takenouchi, and esteemed members of the committee,

On behalf of our coalition's leadership committee, we are writing to provide **comments** on HB 2195 HD1, relating to transportation. This bill requires the Department of Transportation to impose a per-passenger head fee on cruise ships docking at Hawai'i's commercial harbors, creates a dedicated Cruise Ship Special Fund, and repeals the Transient Accommodations Tax on cruise ships effective January 1, 2026.

The Care for 'Āina Now Coalition strongly supports Hawai'i's broader efforts to ensure that visitors meaningfully contribute to the stewardship of our natural and cultural resources through the State's Green Fee framework. Our coalition has consistently advocated for a comprehensive approach that asks all sectors of the tourism industry to share responsibility for protecting the ecosystems, infrastructure, and communities that make Hawai'i such a special place.

From that perspective, we offer these comments to encourage alignment between HB 2195 HD1 and the broader Green Fee approach. We are concerned that removing cruise ships from the Transient Accommodations Tax without clear integration into the Green Fee structure could create inconsistencies across the visitor economy. While we appreciate efforts to clarify the passenger fee, the amount remains unspecified, and it is critical that cruise visitors contribute meaningfully and equitably. We respectfully suggest that any alternative mechanism ensure cruise visitors contribute on equal footing with other travelers and that revenues support the same core priorities identified for Green Fee investments.

We also encourage clarity regarding how any new revenues would be deployed, including transparency, accountability, and reinvestment in the port communities and natural resources most affected by cruise activity. Ensuring consistency across the tourism sector will help maintain public trust and advance Hawai'i's long-term sustainability goals.

Mahalo for the opportunity to provide comments on this measure.

Care for 'Āina Now Coalition Leadership Committee



**TESTIMONY OF TINA YAMAKI, MANAGING DIRECTOR
HAWAII TRANSPORTATION ASSOCIATION
MARCH 5, 2026
HB 2195 HD1 RELATING TO TRANSPORTATION.**

Aloha Chair Todd and members of the House Committee on Finance. I am Tina Yamaki, Managing Director of the Hawaii Transportation Association and I appreciate this opportunity to testify.

The Hawaii Transportation Association (HTA Hawaii) was founded in 1938 and incorporated in 1963, and is a private, non-profit trade organization dedicated to the service and assistance to the commercial ground transportation industry in the State of Hawaii. Our members include family owned small and medium sized businesses, independent owner operators, and national motor carriers range from delivery services to passenger carriers - as well as allied industry partners.

HTA Hawaii understands the intent of HB 2195 HD1. This measure allows tax credits claimed under the State Low-Income Housing Tax Credit Program to be used to offset taxes imposed by the state transient accommodations tax law; specifies that tax credit amounts applied to state transient accommodations taxes be limited to state transient accommodations taxes imposed in the same county in which the qualified low-income building is located; makes permanent Act 129, SLH 2016. Effective 7/1/3000.

This measure establishes a clearer, fairer, and more workable framework for assessing fees on cruise ships docking at Hawaii's commercial harbors.

While the per-passenger head fee is still a form of taxation, it is more modest and equitable than the current tax structure. It represents a lower burden than the existing Transient Accommodations Tax applied to cruise ship passengers, while still ensuring that cruise ship activity contributes to the costs it imposes on the State. By aligning the fee with actual passenger counts, the bill creates a more proportionate and transparent method of assessment.

Revenue generated through the passenger fee and deposited into the Cruise Ship Special Fund can be used to support harbor maintenance, environmental mitigation, and infrastructure improvements necessary to address the environmental impacts associated with cruise ship operations. In this way, the fee helps protect Hawaii's natural resources while supporting sustainable tourism practices.

In addition, the bill repeals the existing law imposing the Transient Accommodations Tax on cruise ships, effectively retroactive to January 1, 2026. This repeal cleans up statutory language enacted last year and resolves confusion caused by applying a tax structure designed for lodging accommodations to cruise ship passengers. Replacing that approach with a clearly defined per-passenger fee improves clarity and administrative efficiency.

It is important to strike a careful balance when considering the imposition or increase of any fee or tax. While revenue generation may support important public purposes, excessive or disproportionate charges risk creating unintended economic consequences. Hawaii's visitor industry operates within a highly competitive global marketplace, where travelers are price-sensitive and have numerous alternative destinations. If fees or taxes are set too high, they may discourage visitors from choosing Hawaii, thereby reducing overall visitor spending and negatively impacting local businesses, employment, and state revenues.

Overall, this measure reflects a more balanced and fair policy approach that better aligns fees with actual impacts while providing the State with appropriate resources to manage cruise ship activity.

Mahalo for this opportunity to testify.

Testimony of Matson Navigation Company, Inc.
Support of HB2195
Before the Committee on Transportation
February 10, 2026

Dear Chair Kila, Vice Chair Miyake, and Members of the Committee:

Matson Navigation Company, Inc. supports HB2195, which establishes a passenger fee on cruise ships docking in the State's commercial harbors and requires that fees collected be used solely for port facility and harbor capital improvement projects.

As an island state, Hawaii is very dependent upon our commercial harbors to ensure the continued and unimpeded flow of cargo in and out of our State. It is estimated that over 90 percent Hawaii's imported goods pass through our commercial harbors, including consumer goods, motor vehicles, construction materials, and fuel. Given the critical role of our commercial harbors, it is imperative that the State support dependable and efficient cargo transportation and handling to service our residents and businesses. This measure will provide additional revenues for much-needed harbor improvements.

Thank you for considering our testimony in support.



Testimony in **SUPPORT** for HB 2195 HD1, Relating to Transportation

House Committee on Finance
March 5, 2026

Aloha Chair Todd, Vice Chair Takenouchi, and members of the committee,

The Hawaii Harbors Users Group is writing in **support** of HB 2195 HD1, relating to transportation. This bill requires the Department of Transportation to impose a per-passenger head fee on cruise ships docking at Hawai'i's commercial harbors, creates a dedicated Cruise Ship Special Fund, and repeals the Transient Accommodations Tax on cruise ships effective January 1, 2026.

Our membership includes a broad range of maritime stakeholders, including cruise ship operators and companies that work directly in harbor operations, giving us a unique and informed perspective on the practical needs of the industry and the State.

Cruise vessels depend heavily on harbor services such as berthing, security, pilotage, tug assistance, longshore labor, and terminal facilities. These services require continuous investment to maintain safe, efficient, and reliable operations alongside cargo and interisland shipping. A per-passenger head fee is a transparent and predictable mechanism that directly links harbor use to harbor support.

Equally important, the repeal of the Transient Accommodations Tax on cruise ships is a positive and necessary policy clarification. Removing the TAT recognizes that cruise travel is fundamentally different from land-based accommodations and avoids duplicative taxation on the same visitor activity, while still ensuring that cruise passengers contribute meaningfully through a fee tied directly to the use of state harbor facilities. HHUG strongly supports this change as a fairer approach that aligns taxation with actual impacts on infrastructure.

The creation of the Cruise Ship Special Fund further strengthens this measure by dedicating revenues to harbor-related capital improvements and operational needs. Directing these funds to port facilities and infrastructure will benefit all harbor users, improve efficiency, and enhance safety throughout Hawai'i's commercial harbor system. From the perspective of our members—including cruise operators themselves—stable, modern, and well-maintained harbor facilities are essential to sustaining maritime commerce and Hawai'i's visitor economy. HB 2195 HD1 advances that goal while providing regulatory certainty and fairness for the cruise industry.

HB-2195-HD-1

Submitted on: 3/3/2026 4:53:33 PM

Testimony for FIN on 3/5/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Aaron Paulk	Hawaii Tour Consultants	Support	Written Testimony Only

Comments:

Bill References: HB2195 HD1

To: House Committee on Finance

Aloha Chair Todd, Vice Chair Takenouchi and Committee Members,

My name is Aaron Paulk, and I am a proud small business owner who has operated across all the Hawaiian Islands for over ten years. Our company supports hundreds of local jobs that are solely dependent on a consistent and sustainable cruise industry presence.

Over the past decade, we've built our business on the foundation of Hawaii's circular economy—intentionally keeping our operations, partnerships, and reinvestments within our islands. The cruise lines have been instrumental in this success, as they have made strong efforts to work directly with small, local businesses like ours. Together, we've been able to bring economic opportunities to communities not typically visited by the cruise industry, helping to spread the benefits of tourism more evenly throughout the state.

In recent years, we've also seen a positive shift as cruise partners have begun supporting initiatives by local partners who support local nonprofits and community organizations—especially those focused on sustainability initiatives and supporting individuals with disabilities. These partnerships are making a real difference and show that the cruise industry is committed to being a responsible and valued member of our community.

I believe that SB2698 and HB2195 represent fair, balanced, and forward-thinking measures that will ensure our continued ability to grow together. These bills allow for legal, transparent contributions—through a reasonable head tax—that will fund state and HDOT initiatives while sustaining Hawaii's unique environment and way of life.

Our small businesses, the cruise lines, and the State of Hawaii are all striving toward the same vision: a safe, sustainable, and thriving future for our islands, our people, and our keiki. These bills are a great step forward in showing how we can truly *hui together*—how collaboration between industry, community, and government can create long-term prosperity for all.

Mahalo for your time and consideration, and for your continued support of Hawaii's small business community and the sustainable future of our islands.

Sincerely,
Aaron Paulk
Hawaii Tour Consultants

aaron@hawaiiitc.com
214 Kahoma Village Loop, Lahaina, Hawaii 96761

HB-2195-HD-1

Submitted on: 3/3/2026 8:47:10 PM

Testimony for FIN on 3/5/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Erik McLellan	Hike Maui	Support	Written Testimony Only

Comments:

SUPPORT for HB2195 HD1 – Protecting Local Jobs, Small Businesses, and Maui’s Natural Resources

Aloha Chair Todd, Vice Chair Takenouchi, and Committee Members

My name is Erik McLellan, and I am the CEO of Hike Maui, a locally-owned hiking company that has been operating on Maui for 43 years. We employ more than 35 local residents, most of whom depend on this work as their primary source of income. I am writing to respectfully urge your support for HB2195 HD1.

When people think about cruise ships, they often picture large vessels and major corporations. For small local companies like ours, cruise guests represent something much more personal—they represent jobs, stability, and the ability to keep our doors open year-round.

Approximately 40% of our guests arrive via cruise ships. These visitors allow us to provide consistent employment for our guides, drivers, warehouse staff, and office staff, even during traditionally slower travel seasons. We also work with many additional local companies who provide meals for our guests and other supplies for our tours. Without that steady demand, it would be extremely difficult for us to maintain our current team or continue offering the level of service our guests expect.

As a company, we are also deeply committed to caring for the places that make Maui special. Hike Maui is a proud member of *1% for the Planet*, meaning we donate 1% of all revenue to local environmental nonprofits that protect Maui’s trails, watersheds, and natural areas. In the past two years, we have been able to donate meaningfully to 17 different environmental and educational non-profit organizations, including East Maui Watershed Partnership, Haleakala Conservancy, Maui Cultural Lands, The Nature Conservancy, Lahaina Community Land Trust, and many more.

When our business suffers, the organizations doing this important conservation and community work feel it as well.

The uncertainty surrounding cruise passenger taxation is very concerning. If higher or unpredictable taxes lead to fewer cruise visitors or cancelled itineraries, the impact will be felt immediately by small, locally-owned businesses like ours.

HB2195 HD1 offers a fair and predictable solution that allows the state to collect revenue while giving businesses the stability we need to plan, hire, and continue investing in our employees and community.

I would like to ask that you please support HB2195 HD1. Your decision can have a positive affect on the livelihoods of local families and the long-term health of Maui's small business community. Thank you so much for your time and for all of your service.

Sincerely,

Erik McLellan
CEO, Hike Maui

Aloha Chair Todd, Vice Chair Takenouchi, and Committee Members,

Thank you for the opportunity to testify in strong support of **HB 2195 HD1**.

For nearly twenty years, Kilohana has been fortunate to welcome cruise guests through shore excursions, and the benefits of cruise visitation extend far beyond our gates. Eleven on-site shops, many featuring Kaua'i, and Hawai'i-made products depend on this revenue stream, as do our agricultural partners. The Kauai Plantation Railway, The Plantation House Restaurant by Gaylord's, Luau Kalamaku, and Kauai Rum Safaris also rely heavily on cruise visitors to sustain year-round operations.

Kilohana believes this measure strikes a fair and reasonable balance among stakeholders. The cruise ship industry plays a vital role in Hawai'i's economy, and any additional fee must be evaluated in the context of the significant fees the industry already pays, including passenger, dockage, port entry, and wharfage fees, to ensure overall reasonableness.

We need to ensure the fee is not unduly burdensome and will help ensure that the cruise industry can continue to operate and invest in Hawai'i.

It is important to note that one cruise line alone hosts a private luau at Kilohana 52 weeks a year, averaging between 650 and 725 attendees weekly. This represents approximately \$6 million in annual gross revenue, much of which flows directly into our local community. This activity supports more than 100 employees, including musicians, dancers, food and beverage staff, bus drivers, dispatchers, and numerous local suppliers—from farms to beverage distributors. In total, more than 300 Kilohana employees and tenants directly benefit from cruise-related activity.

Luau Kalamaku alone generates an estimated \$18 million annually, including approximately \$859,000 in General Excise Tax revenue, more than \$1 million paid to local food vendors, and over \$700,000 to liquor and beverage purveyors.

Additional cruise ships visiting Kaua'i generate hundreds of thousands of dollars more in shore excursion revenue. Without cruise visitation, we could not sustain the three luaus per week that allow our employees and entertainers to work year-round.

Thank you for the opportunity to testify in strong support of HB 2195 HD1.

Sincerely,
Fred Atkins
Managing Partner
Kilohana Plantation
Mobile: 1-808-652-0757
Email: fred@kilohanakauai.com

Testimony for HB2195, Relating to Cruise Ship Passenger Fees
House Committee on Finance
March 5, 2026

Aloha Chair and Members of the Committee,

Honolulu Ship Supply is respectfully **in support of** HB2195, relating to cruise ship passenger fees.

Honolulu Ship Supply plays an active role in supporting Hawai'i's maritime supply chain and port operations. Founded in 1972, we provide essential provisions, technical supplies, safety items, recycling, and regulated waste management services to vessels calling on Hawai'i's ports.

Cruise ship activity contributes significantly to the state's visitor economy and generates positive impact throughout the harbor system, including local vendors, transportation providers, stevedoring services, security personnel, and many other maritime-dependent businesses. Cruise ships support local jobs both in Oahu and on outer islands.

Cruise operations also support Hawai'i's agricultural community. By sourcing provisions locally, the cruise industry helps sustain small farmers, fishermen, and food producers throughout the islands. These consistent purchasing relationships strengthen local agriculture, promote food security, and contribute to the long-term resilience of Hawai'i's supply networks.

HB2195 requires the Department of Transportation to assess a per-passenger fee on cruise ship visitors arriving at Hawai'i's commercial harbors, establishes the Cruise Ship Special Fund, and repeals the transient accommodations tax as applied to cruise ships.

This approach ensures that cruise-related revenues are directed toward the improvement and sustainability of the very infrastructure that supports these operations. Investments made through the special fund will strengthen harbor facilities, support environmental mitigation efforts, and improve long-term planning for maritime commerce and tourism management.

For the reasons outlined above, Honolulu Ship Supply respectfully asks that you advance HB2195.

Mahalo for your consideration.



Testimony for HB2195 HD1, Relating to Transportation
Hearing on Thursday, March 5, 2026
House Committee on Finance
Committee on Judiciary

Aloha Chair Todd, Vice Chair Takenouchi and Committee Members,

My name is Jamie Barut. I was born and raised in Hawai'i and have worked in the visitor and transportation industry for more than 40 years. I currently serve as Vice President of Operations for Polynesian Adventure Tours, representing over 340 employees who live and work on O'ahu, Maui, Kaua'i, and Hawai'i Island. I am here in strong support of HB2195 HD1.

Over the decades, I have seen firsthand how the cruise industry supports local businesses and local jobs. Cruise visitors rely almost entirely on Hawai'i-based transportation companies, tour operators, restaurants, attractions, and activity providers. For many small and independently owned businesses—especially those near ports—cruise visitation provides consistent, predictable demand that helps them stay open year-round, retain local employees, and withstand slower travel periods.

Group transportation plays a critical role in this ecosystem. Motorcoaches efficiently move thousands of visitors each day, reducing traffic congestion while directing visitor spending into local communities. This activity supports jobs, wages, and tax revenues that benefit residents across the islands, while helping protect Hawai'i's environment through lower emissions per passenger than other forms of transportation.

HB2195 HD1 represents a balanced approach that recognizes the value of cruise tourism while creating a framework to support infrastructure, environmental stewardship, and long-term sustainability. When cruise visitation is managed responsibly, it strengthens the entire visitor economy—from transportation providers to small local businesses—and supports the people who depend on it.

For these reasons, Polynesian Adventure Tours respectfully supports HB2195 HD1. Thank you for the opportunity to testify.

TESTIMONY IN SUPPORT OF HB2195 HD1

Senate Committee on Ways and Means

Chair Todd, Vice Chair Takenouchi and Committee Members:

My name is **Terry Fischer**, and I am the President and CEO of **Polynesian Adventure Tours**. I am writing today in support of **HB2195 HD1**, representing our **340 employees** who live and work across **O‘ahu, Maui, Kaua‘i, and Hawai‘i Island**.

The cruise industry plays a vital role in sustaining Hawai‘i’s visitor economy, and the transportation network that supports cruise passengers is powered by **local bus and group travel companies**. At Polynesian Adventure Tours—and across Hawai‘i’s motorcoach sector—we move thousands of visitors every day to attractions, hotels, and **locally owned businesses**, putting real dollars into local communities while **reducing congestion on our roads**.

For many small and independently owned restaurants, attractions, and activity providers, **cruise-related visitation is essential to their survival**. Cruise passengers provide consistent and predictable demand that helps these businesses operate year-round, retain local employees, and cover the fixed costs of doing business in a tourism-dependent economy. Importantly, this spending largely **stays within the community**, supporting the cultural, recreational, and experiential offerings that make Hawai‘i unique for both residents and visitors.

Buses are also the **most sustainable form of mass transportation available today**. According to research from the **ABA Foundation**, buses produce fewer carbon emissions per passenger mile than airplanes, trains, taxis, or passenger vans—making group transportation one of the most effective ways to move visitors while protecting Hawai‘i’s natural environment.

The economic contribution tied to this activity is significant. **Bus and group travel in Hawai‘i generates more than \$1.25 billion in economic output**, supports over **6,400 local jobs**, produces **\$353 million in wages**, and contributes nearly **\$200 million in state and local taxes**—revenue that directly supports local families, public services, and small businesses across the islands.

HB2195 HD1 creates a **balanced path forward** by aligning cruise visitation with a funding structure that supports infrastructure, environmental stewardship, and the long-term sustainability of Hawai‘i’s tourism economy. Measures that strengthen the overall visitor ecosystem also strengthen the **local transportation providers, small businesses, and workers** who depend on it.

Polynesian Adventure Tours respectfully supports **HB2195 HD1** because it helps ensure that tourism continues to generate jobs, invest in communities, and move visitors in the **most efficient and environmentally responsible way possible**.

Thank you for the opportunity to testify.


Terry Fischer
President – Polynesian Adventure Tours



NORWEGIAN CRUISE LINE
HOLDINGS LTD.

Testimony for HB 2195 HD1, Relating to Transportation

Hearing: March 5, 2026
Committee on Finance

Aloha Chair Todd, Vice Chair Takenouchi, and Committee Members,

Norwegian Cruise Line Holding Ltd **supports** HB 2195 HD1 relating to transportation.

As the only cruise company operating a U.S. flagged, year-round cruise ship in Hawaii – the Pride of America – Norwegian Cruise Line has been a committed partner to the state since the early 2000s. This home-ported ship consistently generates substantial positive economic impact, benefiting not only visitors but the broader maritime industry. These benefits reach a wide array of stakeholders, including airports, hotels, local provisions, stevedoring, security personnel, tugboat operators, ground-handlers, and tour operators. In addition, its operations generate significant tax revenue for the State. Beyond the year-round ship, several foreign-flag vessels from the Norwegian, Regent Seven Seas and Oceania brands visit the Hawaiian islands seasonally, collectively contributing to the vibrancy and sustainability of the visitor industry. In 2024 alone, the cruise industry generated approximately \$1 Billion in induced economic benefits.

This bill seeks to revise and replace the transient accommodation tax language for cruise ships that was enacted during the 2025 legislative season. The late-stage amendments, which became Act 96, are currently being challenged as a violation of the Tonnage Clause of the United States Constitution. The Tonnage Clause prohibits States from imposing any tax or fees that acts as a charge for the privilege of entering in, staying in, or conducting trade in a port without congressional consent.

SB 2195 HD1 aims to address this constitutional issue by replacing the challenged tax with a per passenger fee, the proceeds of which will be deposited into a cruise ship special fund. Importantly, these collections will be exclusively allocated for harbor and port facility capital improvements, thereby aligning the fee with requirements of the Tonnage Clause. The proposed fee will be incorporated into Section 2, Chapter 266 of the Hawaii Revised Statutes, alongside existing passenger fees, dockage, port entry and wharfage which will remain unchanged.

Norwegian Cruise Line Holdings Ltd. is dedicated to being responsible stewards of the destinations we visit. Transitioning to a per-passenger fee that is directly reinvested into improving Hawaii's harbors and maritime infrastructure will serve to strengthen Hawaii's critical harbor systems benefiting all maritime users as well as local residents. We believe that the proposed fee is fair and reasonable when viewed in the context of the range of taxes and fees already paid by cruise passengers.

For these reasons, we respectfully urge the committee to advance HB 2195 HD1 to ensure a sustainable, thriving future for Hawaii's maritime industry and the communities it supports.



March 5, 2026

HOUSE COMMITTEE ON FINANCE

Rep. Chris Todd, Chair; Rep. Jenna Takenouchi, Vice Chair; and Committee Members
Public Hearing, March 5, 2026, 2:00 p.m. – Conference Room 308, State Capitol

Testimony of William F. Anonsen, Managing Partner/Principal of The Maritime Group
In Support of H.B. 2195 HD1 , Relating to Cruise Ship Special Fund

My name is William F. Anonsen, Managing Partner/Principal of The Maritime Group. We respectfully submit testimony in strong support of H.B. 2195, HD 1, as amended and advanced by the House Committee on Tourism in HSCR # 728-26. As reflected in the Committee Report, this measure replaces the prior application of the TAT to cruise fares with a more straightforward per-passenger head fee assessed on cruise ships docking at Hawai'i's commercial harbors.

The Tourism Committee appropriately found 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 harbor capital improvement projects. The Committee also recognized that the TAT framework enacted under Act 96 (2025) presented practical enforcement and compliance challenges, particularly because cruise purchases are typically sold as bundled packages that extend beyond onboard lodging. As a result, the complexity of prorating fares and distinguishing transportation from accommodation has proven administratively difficult and legally vulnerable.

Cruise vessels rely on pier and wharf structures, mooring and fendering systems, passenger terminals and security screening facilities, harbor dredging and maintenance, environmental compliance infrastructure, and shore power and emissions-reduction investments. It is therefore appropriate that the funding mechanism resides within the harbor system rather than the transient accommodations framework. This is a critical structural improvement because a dedicated special fund ensures revenue transparency, infrastructure reinvestment, long-term modernization planning, environmental performance upgrades, and bonding predictability. This "user-pays, user-benefits" framework strengthens Hawai'i's commercial harbor system while ensuring that cruise-related impacts are addressed through direct reinvestment.

H.B. 2195, H.D. 1 represents sound maritime policy because it provides a clearer statutory structure, greater administrative feasibility, improved legal defensibility, direct alignment between infrastructure use and revenue, and dedicated reinvestment into Hawai'i's harbor modernization and environmental initiatives. For these reasons, we respectfully urge passage of H.B. 2195, HD 1.

Respectfully submitted,

William F. Anonsen

William F. Anonsen
Managing Partner/Principal
THE MARITIME GROUP

HOUSE COMMITTEE ON FINANCE
Testimony of Hawaii Pilots Association
In Support of HB2195 HD1
March 5, 2026

Dear Chair Todd, Vice Chair Takenouchi, and Committee Members:

Hawaii Pilots Association supports HB2195 HD1, which enacts a per passenger charge for cruise ships and mandates that these fees be used for harbor infrastructure improvements.

Lack of funding is one reason why much needed harbor improvements are delayed or cancelled. This bill ensures that these fees collected from cruise ships will be dedicated to paying for new harbor infrastructure. Such harbor improvements will help to increase port safety and efficiency for cargo transportation and handling as well as for passenger terminal operations.

Thank you for the opportunity to provide this testimony.



HB2195

*Arrr... I'll get you
one way or another.*