

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



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

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

Tuesday, March 24, 2026
10:00 a.m.
State Capitol, 423

SB2698, HD1
RELATING TO TRANSPORTATION

House Committee on Tourism

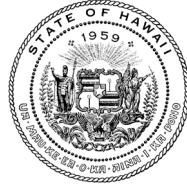
The Department of Transportation (DOT) supports this measure that authorizes the DOT to assess a per passenger head fee against cruise ships docking in the State's commercial harbors, establishes the Cruise Ship Special Fund, and repeals existing law imposing the transient accommodations tax on cruise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

The DOT recognizes the intent of this bill to generate revenue for port facilities and capital improvements through a new per passenger fee and we appreciate the Legislature's efforts to address the ongoing need for funding to maintain and upgrade our critical maritime infrastructure. DOT requests the legislature consider setting the fee amount to \$10.00. Based on cruise ship passenger counts from Fiscal Year 2025, we estimate the annual revenue generation from this fee if it is set at \$10.00 equals \$9.7 million. This revenue will be used to maintain berths and facilities where cruise ships operate, including substructure repair, bollard and fender replacements, dredging, and passenger terminal improvements (e.g., air conditioning, restrooms, elevators). These funds can also be used for projects that address or mitigate the impacts of coastal erosion, changing sea conditions, and pollution.

Thank you for the opportunity to provide this testimony.

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

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GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

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

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 2698, S.D.2, H.D. 1, Relating to Transportation

BEFORE THE:

House Committee on Tourism

DATE: Tuesday, March 24, 2026

TIME: 10:00 a.m.

LOCATION: State Capitol, Room 423

Chair Tam, Vice-Chair Templo, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding S.B. 2698, S.D.2, H.D. 1, for your consideration.

S.B. 2698, S.D.2, H.D. 1, amends chapter 266, Hawaii Revised Statutes (HRS), governing the Department of Transportation Harbors Division, by adding new sections imposing a per passenger "head fee" of an unspecified amount, against any cruise ship that docks in any commercial harbor in Hawai'i. The fee would be assessed at each port entry in the State and would be in addition to existing port user fees. The fees would be deposited in the Cruise Ship Special Fund to be used solely for port facility and capital improvement projects in support of cruise ship operations as authorized by the Director of Transportation.

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 are effective retroactively to January 1, 2026.

DOTAX notes that it can implement the tax law changes in sections 3 and 4 in this bill by the proposed effective date.

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



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

Tuesday, March 24, 2026
10:00 a.m.

State Capitol, Room 423

In consideration of

SB 2698 SD2 HD1
RELATING TO TRANSPORTATION

Aloha Chair Tam, Vice Chair Templo, and Members of the Committees:

The Hawai'i Tourism Authority (HTA) offers comments on SB 2698 SD2 HD1, which would establish a per-passenger head fee on cruise ships assessed at each port entry in the State. It would also create a Cruise Ship Special Fund and limit its use to port facilities and capital improvement projects that support cruise ship operations. In addition, the bill would repeal the existing framework that applies the transient accommodations tax (TAT) to cruise ship cabins and fares.

HTA believes SB 2698 SD2 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 reduces the complexity of applying an accommodation-style tax to a bundled product.

Third, directing fee revenues into a dedicated Cruise Ship Special Fund provides a clearer, more transparent path for how those revenues are spent. By limiting the fund to port facility and capital improvement projects that support cruise ship operations, 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 port facilities and capital improvement projects can support infrastructure upgrades that help ports and maritime operators meet sustainability and operational expectations. 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 SB 2698 SD2 HD1.



Testimony in **SUPPORT** for SB 2698 SD2 HD1 Relating to Transportation

House Committee on Tourism
March 24, 2026

Aloha Chair Tam, Vice Chair Templo, and members of the committee,

The Hawaii Harbors Users Group is writing in **support** of SB 2698 SD2 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.

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. SB 2698 SD2 HD1 advances that goal while providing regulatory certainty and fairness for the cruise industry.

For these reasons, the Hawaii Harbors Users Group urges your support of SB 2698 SD2 HD1 and respectfully asks for its passage.

Mahalo for the opportunity to provide testimony on this important measure.



Care for 'Āina Now Coalition

March 24, 2026

Hawai'i State Legislature
House Committee on Tourism

Re: Testimony with comments on SB 2698 SD2 HD1, Relating to Transportation

Aloha Chair Tam, Vice Chair Templo, and esteemed members of the committee,

On behalf of our coalition's leadership committee, we are writing to provide comments on SB 2698 SD2 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.

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 SB 2698 SD2 HD1 and the broader Green Fee approach. We are concerned that removing cruise ships from the Transient Accommodations Tax without clear integration into the statewide Green Fee structure could create inconsistencies across the visitor economy. We respectfully suggest that any alternative mechanism ensure cruise visitors are contributing on equal footing with other travelers and that revenues are directed toward the same core priorities that the Legislature has 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 Matson Navigation Company, Inc.
Support of SB2698, SD2, HD1
Before the Committee on Tourism
March 24, 2026

Dear Chair Tam, Vice Chair Templo, and Members of the Committee:

Matson Navigation Company, Inc. supports SB2698, SD2, HD1 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 OF SB2698 – SD2, HD1

To: House Committee on Tourism

Chair Tam, Vice Chair Templo 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 **SB2698**, 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.

SB2698 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 **SB2698** 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

2965 N Nimitz Hwy
Honolulu, HI
96819

Testimony for SB2698 SD2, Relating to Cruise Ship Passenger Fees
Senate Committee on Tourism
Tuesday, March 24, 2026

Aloha Chair and Members of the Committee,

Honolulu Ship Supply is respectfully **in support of** SB2698 SD2, relating to cruise ship passenger fees.

Honolulu Ship Supply has served Hawai'i's maritime industry since 1972 and is a provider of ship provisioning, technical supplies, regulated waste management, and custom services for vessels of all kinds. Our work supporting cruise operations gives us extensive experience with the harbor system and the importance of maintaining strong maritime infrastructure.

Cruise operations bring meaningful economic benefits across multiple channels including harbor activity, local provisions, stevedoring, tugboat operators, ground-handlers, and tour operators, while also sustaining jobs and tax revenue for the State. Cruise ships support local employment and economic stability across Hawai'i's ports.

In addition, the cruise ship industry plays an important role in strengthening Hawai'i's local supply chains. Cruise vessels are an important of revenue for local farmers and fishermen on all islands of Hawai'i, supporting small agricultural businesses and contributing to Hawai'i's food resilience.

SB2698 SD2 establishes a per-passenger head fee on cruise ship visitors arriving at Hawai'i's commercial harbors and creates a Cruise Ship Special Fund to ensure these revenues are dedicated toward harbor infrastructure needs and improvements. The bill also repeals the transient accommodations tax as it applies to cruise ship passengers.

We believe this measure provides a clearer and more equitable structure for supporting the harbor system. A dedicated fund will allow the Department of Transportation to invest directly in port improvements that enhance operational efficiency, strengthen resiliency, and advance important sustainability goals such as shore power connectivity and emissions reduction.

For the reasons outlined above, Honolulu Ship Supply respectfully asks that you advance SB2698 SD2.

Mahalo for your consideration.

Maxime Aymonod
CEO at Honolulu Ship Supply



March 24, 2026

HOUSE COMMITTEE ON TOURISM

Rep. Adrian Tam, Chair; Rep. Shirley Templo, Vice Chair; and Committee Members
Public Hearing, March 24, 2026, 10:00 p.m. – Conference Room 423, State Capitol

Testimony of William F. Anonsen, Managing Partner/Principal of The Maritime Group
In Support of S.B. 2698 SD2 HD1, Relating to Cruise Ship Special Fund

My name is William F. Anonsen, Managing Partner and Principal of The Maritime Group. We respectfully submit testimony in support of S.B. 2698, SD2, HD1, and appreciate the Committee’s continued thoughtful consideration of this measure. This bill establishes a practical and transparent approach to addressing the impacts of cruise ship activity on Hawai’i’s commercial harbor system.

As noted in the House TRN Committee Report, replacing the Transient Accommodations Tax on cruise fares, which has proven difficult to administer due to the bundled nature of cruise products, with a per-passenger head fee provides a more workable and predictable framework. Equally important, the measure creates a dedicated Cruise Ship Special Fund to ensure that revenues generated from cruise ship activity are reinvested directly into harbor facilities and capital improvement projects. These investments are essential to maintaining safe, efficient, and resilient port operations.

This approach reflects a sound “*user pays, user benefits*” model. Cruise ships rely on Hawai’i’s port infrastructure, and their operations create ongoing demands for maintenance, modernization, and environmental stewardship. The revenues generated by this measure will support critical improvements, including pier and terminal upgrades, safety and navigational enhancements, shore power and emissions-reduction systems, climate resilience measures, and operational efficiencies that benefit both passenger and cargo movements.

We also appreciate the Committee’s amendments to refine the measure, including clarifying the use of funds and maintaining flexibility on the fee structure as discussions continue. As I noted in my prior testimony, this measure provides a fair, transparent, and predictable mechanism aligned with actual port usage and the needs of our maritime system. For these reasons, we respectfully urge the Committee to pass this measure.

Respectfully submitted,

William F. Anonsen

William F. Anonsen
Managing Partner/Principal
THE MARITIME GROUP



NORWEGIAN CRUISE LINE
HOLDINGS LTD.

Testimony for SB 2698 SD2 HD1, Relating to Transportation

Hearing Scheduled for March 24 2026
Committee on Tourism

Aloha Chair Tam, Vice Chair Templo, and Committee Members,

Norwegian Cruise Line Holding Ltd strongly **supports** SB 2698 SD2, 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 2698 SD2, 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 SB 2698 SD2, HD1 to ensure a sustainable, thriving future for Hawaii's maritime industry and the communities it supports.

Aloha Chair Tam, Vice Chair Templo and Committee Members:

Thank you for the opportunity to testify in **strong support** of SB 2698 SD2, 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 SB 2698 SD2, HD1.

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

SB-2698-HD-1

Submitted on: 3/23/2026 9:02:10 AM

Testimony for TOU on 3/24/2026 10:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|-------------------------------|---------------------------|---------------------------|
| Jamie Barut | Polynesian Adventure Tours | Support | Written Testimony Only |

Comments:

To: House Committee on Tourism

Aloha Chair Tam, Vice Chair Templo and Committee Members,

My name is Jamie Barut. I am 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 SB2698 SD2, 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. SB2698 SD2, 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 SB2698 SD2 HD1. Thank you for the opportunity to testify.



HAWAII STEVEDORES, INC.

1601 Sand Island Parkway • Honolulu, Hawaii 96819 • (808) 842-5399 • FAX (808) 842-5394

Reference Bill: SB2698, SD2, HD1
To: House Committee on Tourism

Aloha Chair Tam, Chair Rhodes, Vice Chair Templo and Committee Members

Hawaii Stevedores, Inc. (HSI) is in support of SB2698 SD2, HD1.

The cruise industry is a valuable sector of Hawaii's tourism industry as well as Hawaii's maritime industry. HSI provides cargo handling services for provisions that a vessel takes onboard when it makes a port call. This includes everything from food & beverages to furniture, repair & maintenance equipment, paper products and other goods & materials. While HSI provides stevedoring services to cruise ships its sister company, Pasha Hawaii, carries the sea going containers involved in bringing supplies to the cruise industry. A healthy cruise industry is beneficial not only to HSI and Pasha Hawaii but also to the many maritime service providers, truckers and distributors that operate across the Hawaiian Islands.

Cruise ship activity plays a crucial role in bolstering the state's visitor economy. It creates a ripple effect of positive impacts throughout the harbor system, benefiting local vendors, transportation services, stevedoring companies, security personnel, and numerous other maritime-dependent businesses. Additionally, cruise ships help support local employment both on Oahu and the outer islands.

The proposed bill allocates the funds collected into a dedicated cruise ship special fund. This fund will be directed towards the maintenance, upgrading, and repair of the facilities that are essential to our operations. Moreover, the fee will be utilized to support sustainable initiatives within the maritime industry, such as implementing shore power and other environmentally friendly practices.

Hawaii Stevedores, Inc. respectfully asks that you move SB2698, SD2, HD1 forward.

Respectfully,

Randy Grune
Vice President Community Affairs



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON TOURISM
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 423
TUESDAY, MARCH 24, 2026 AT 10:00 A.M.**

To The Honorable Representative Adrian K. Tam, Chair
The Honorable Representative Shirley Ann Templo, Vice Chair
Members of the Committee on Tourism

COMMENTS ON SB2698 SD2 HD1 RELATING TO TRANSPORTATION

The Maui Chamber of Commerce appreciates the opportunity to provide comments on SB2698 SD2 HD1, which would require the Department of Transportation to assess a per-passenger head fee on cruise ship passengers docking in the State's commercial harbors.

The Chamber agrees that a per-passenger head fee is a more appropriate and transparent approach than the percentage-based structure established under Act 096 for ensuring that cruise ships contribute to our systems.

At the same time, we encourage careful consideration of the current economic climate. Hawaii, and Maui in particular, is experiencing a softer visitor market and ongoing economic challenges. Cruise ship passengers provide important support to local businesses by visiting activities, retail shops, restaurants, and other small businesses that are still recovering, especially after the 2023 wildfires.

Given these circumstances, we respectfully urge that any per-passenger fee be set at a reasonable level and that the potential impacts on local businesses and visitor spending be carefully evaluated when establishing the rate structure.

The Maui Chamber of Commerce appreciates the Legislature's efforts to create a fair and sustainable funding approach and looks forward to continued discussion to ensure policies support both infrastructure needs and Maui's economic recovery.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



**TESTIMONY OF TINA YAMAKI, MANAGING DIRECTOR
HAWAII TRANSPORTATION ASSOCIATION
MARCH 24, 2026
SB 2698 SD2 HD1 RELATING TO TRANSPORTATION.**

Aloha Chair Tam and members of the House Committee on Tourism. 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 SB 2698 SD2 HD1. This measure 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; and is effective 7/1/3000.

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 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 Hawai'i'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. Hawai'i'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 Hawai'i, 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.

Ryan K. Gomes
Email: rkgomes@gmail.com

Phone: 808-348-4074

March 20, 2026

Senator Lorraine Inouye
Senator Rachele Fernandez Lamosao
Hawai'i State Legislature

Re: Strong Support for SB2698 SD2 HD1 – Relating to Transportation (Cruise Ship Passenger Head Fee and Cruise Ship Special Fund)

Dear Senator Inouye, Senator Lamosao, and Committee Members:

I am writing as a private, concerned citizen to express my strong support for SB2698 SD2 HD1, relating to transportation and the establishment of a cruise ship passenger head fee and cruise ship special fund.

SB2698 takes an important step toward fairly and transparently requiring cruise ship visitors to contribute to the real costs their industry imposes on Hawai'i's limited harbor infrastructure and surrounding communities. By assessing a per-passenger head fee on cruise ships each time they dock at a commercial harbor, and dedicating that revenue to a special fund for port facility and capital improvement projects, this bill embraces a reasonable "user-pays" approach: those who use and impact our ports help to maintain and improve them.

I especially support the creation of the cruise ship special fund and the requirement that its revenues be used solely for port facilities and capital improvements that support cruise ship operations. This targeted use helps ensure that the money collected from cruise passengers does not disappear into unrelated purposes, but instead directly supports safer, cleaner, and more resilient harbors for residents, workers, and visitors alike.

I also appreciate that SB2698 responds to the legal and constitutional concerns surrounding the earlier decision to apply the Transient Accommodations Tax to cruise fares under Act 96. Rather than abandoning the principle that the cruise industry should pay its fair share, this bill restructures that obligation into a more traditional port-related fee, which is more likely to withstand legal scrutiny while still generating needed revenue. In my view, this is a practical and responsible way to keep visitor contributions flowing while reducing the risk of costly litigation and uncertainty.

At the same time, I respectfully note areas where the bill could be strengthened. Because the specific per-passenger amount is not yet set in statute, it is difficult for the public to understand the full impact on revenue, infrastructure needs, and industry behavior. I urge the Legislature and the Department of Transportation to ensure that the eventual fee level is meaningful enough to address the real costs of cruise operations, including wear and tear on facilities and the cumulative impacts of repeated ship calls.

I am also mindful that moving away from the TAT on cruise fares may reduce the broader climate resilience funding originally envisioned under Act 96. While SB2698 appropriately focuses on harbor infrastructure, the environmental and community impacts of the cruise industry extend beyond the harbor fence line. I encourage you to view this bill as one piece of a larger effort, and to continue exploring ways to link visitor-generated revenues to statewide climate change adaptation, natural resource protection, and community impact mitigation.

Overall, I support SB2698 because it:

- Establishes a fair, per-passenger head fee so cruise users help pay for the infrastructure they rely on.
- Creates a dedicated special fund so revenue is clearly tied to port facility and capital improvement projects.
- Addresses legal concerns about taxing cruise fares while preserving the principle that the cruise industry must contribute its fair share.
- Provides a more transparent and accountable framework for managing cruise-related impacts on Hawai'i's ports.

Mahalo for your leadership in bringing forward this measure and for your ongoing efforts to manage tourism, protect our communities, and safeguard Hawai'i's future. I respectfully urge you to pass SB2698 SD2 HD1.

Sincerely,

Ryan K. Gomes