

TEMPORARY ADMINISTRATIVE RULES

THESE ADMINISTRATIVE RULES ARE TEMPORARY RULES ISSUED PURSUANT TO SECTION 231-10.7; HAWAII REVISED STATUTES.

AS TEMPORARY RULES, THESE ADMINISTRATIVE RULES BECOME EFFECTIVE SEVEN DAYS AFTER PUBLIC NOTICE IS ISSUED. THESE TEMPORARY ADMINISTRATIVE RULES TAKE EFFECT ON November 28, 2025.

TEMPORARY ADMINISTRATIVE RULES ARE EFFECTIVE FOR EIGHTEEN MONTHS. THESE TEMPORARY ADMINISTRATIVE RULES WILL EXPIRE ON May 28, 2027.

PERMANENT ADMINISTRATIVE RULES, SUBJECT TO THE PROCEDURAL REQUIREMENTS OF CHAPTER 91, HAWAII REVISED STATUTES (THE HAWAII ADMINISTRATIVE PROCEDURES ACT), ARE SIMULTANEOUSLY BEING PROPOSED FOR FORMAL ADOPTION.

DEPARTMENT OF TAXATION

Amendments to Chapter 18-237,
Hawaii Administrative Rules

Effective: November 28, 2025

1. Chapter 18-237, Hawaii Administrative Rules, is amended by adding a new section to read as follows:

"§18-237-210-01 Apportionment of gross income or gross rental proceeds from cruise fares. (a)
Effective January 1, 2026, gross income or gross rental proceeds from cruise fares shall be apportioned to the State in an amount equal to the total amount of

2. Chapter 18-237, Hawaii Administrative Rules, is amended by adding a new section to read as follows:

"§18-237-210-02 Allocation of gross income or gross rental proceeds from cruise fares. (a)

Effective January 1, 2026, gross income or gross rental proceeds from cruise fares shall be allocated to each taxation district in which the cruise ship docked; provided that the amount allocated shall equal the total amount of gross income or gross rental proceeds from cruise fares, prorated by the percentage of days the cruise ship docked at any port in the taxation district in comparison to the total number of days of the voyage; provided further that if a cruise ship docks at two or more taxation districts in a single day, the amount allocated shall be divided among each taxation district in which the cruise ship docks during that day in equal shares.

(b) For purposes of this section:

"Cruise fare" has the same meaning as in section 237D-1, HRS;

"Cruise ship" has the same meaning as in section 237D-1, HRS;

"Gross rental proceeds" has the same meaning as in section 237D-1, HRS.

Example 1:

Hi Cruises, Inc., a cruise ship operator, has gross rental proceeds of \$100,000 from cruise fares for a ten-day voyage. The itinerary for the voyage is as follows:

<u>Day 1:</u>	<u>Oahu</u>
<u>Day 2:</u>	<u>Oahu</u>
<u>Day 3:</u>	<u>Oahu and Maui</u>
<u>Day 4:</u>	<u>Maui</u>
<u>Day 5:</u>	<u>Hawaii County</u>
<u>Day 6:</u>	<u>Hawaii County</u>
<u>Day 7:</u>	<u>At Sea</u>
<u>Day 8:</u>	<u>At Sea</u>

Day 9: Kauai
Day 10: Oahu

Hi Cruises, Inc. shall allocate its
income as follows: \$35,000 shall be
allocated to Oahu district; \$15,000 shall be
allocated to Maui district; \$20,000 shall be
allocated to Hawaii district; and \$10,000
shall be allocated to Kauai district."

[Eff] (Auth: HRS §231-10.7)
(Imp: HRS §237-8.6)

3. New material is underscored.

4. These amendments to chapter 18-237, Hawaii Administrative Rules, are temporary rules issued pursuant to section 231-10.7, Hawaii Revised Statutes. As temporary rules, these administrative rules become effective seven days after public notice is issued and are effective for eighteen months.

5. The foregoing copy of the rules, drafted in Ramseyer format, is provided for reference only.