

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



GARY S. SUGANUMA
DIRECTOR OF TAXATION

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Ohana 'Auhau
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1530
FAX NO: (808) 587-1584

January 2, 2026

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2026-01

Re: Enjoinment of Act 96, Session Laws of Hawaii 2025, as Applied to Cruise Ships, and Suspension of Sections 18-237-210-01 and 18-237-210-02, Hawaii Administrative Rules, Relating to Apportionment and Allocation of Income from Cruise Fares for Purposes of the General Excise Tax

This Announcement details the injunction of Act 96, Session Laws of Hawaii 2025, ("Act 96") as it relates and applies to cruise ships and the suspension of sections 18-237-210-01 and 18-237-210-02, Hawaii Administrative Rules (HAR), relating to the apportionment and allocation of income from cruise fares for purposes of the general excise tax (GET).

Enjoinment of Act 96

Act 96 increases the transient accommodations tax (TAT) rate from 10.25 percent to 11 percent for the period beginning on January 1, 2026, until December 31, 2030 and also imposes the TAT at the 11 percent rate on cruise ship operators' gross rental proceeds derived from cruise fares, prorated by the ratio of days docked in any port in the State to the total number of days of the voyage.

The United States Court of Appeals for the Ninth Circuit enjoined enforcement of the portions of Act 96 that relate and apply to cruise ships in an order issued on December 31, 2025 and clarified on January 2, 2026. *See Cruise Lines Int'l Ass'n, Inc. v. Saganuma*, Nos. 25-8057, 25-8058 (9th Cir.).

Accordingly, and until further notice, the Department of Taxation (DOTAX) will refrain from enforcing Act 96 as it relates and applies to cruise ships. Taxpayers shall refrain from reporting income from cruise fares on Forms TA-1 and TA-2 and shall refrain from remitting TAT on cruise fares. All other provisions in Act 96, including the increase in the TAT rate from 10.25 percent to 11 percent, shall be effective as of January 1, 2026.

Suspension of Sections 237-210-01 and 237-210-02, HAR

Section 18-237-210-01, HAR, specifies the amount of gross income derived from cruise fares that shall be apportioned to the State for purposes of the GET in accordance with section 237-21, Hawaii Revised Statutes (HRS). Section 18-237-210-02, HAR, specifies the amount of

gross income derived from cruise fares that shall be allocated to each county for purposes of the county surcharge on GET in accordance with section 237-8.6, HRS. Sections 18-237-210-01 and 18-237-210-02, HAR, were promulgated as temporary administrative rules, effective December 15, 2025.

Effective January 1, 2026, and until further notice, DOTAX will suspend enforcement of sections 18-237-210-01 and 18-237-210-02, HAR. Taxpayers shall refrain from reporting and remitting GET pursuant to sections 18-237-210-01 and 18-237-210-02, HAR.

If you have any questions about this Tax Announcement, please contact the Rules Office at (808) 587-1530 or by email at Tax.Rules.Office@hawaii.gov.

GARY S. SUGANUMA
Director of Taxation