Early Audited Evidence on Hawaii's Act 96 Climate "Green Fee" (2024–2026): A $29.5 Million DOTAX Reporting Overstatement, Anticipatory Pre-Hike Booking Pull-Forward, and Cruise-Injunction Revenue Gap

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$29.51M	$61.0M / yr	+4.57 pp (t=+4.65)	+1.33% / +8.74%
Retroactive 11% formula overstatement in official DOTAX FY26 cumulative TAT tables (Jan–May 2026)	Seasonally annualized land-only 0.75% Green Fee pace vs. $100M Act 96 target (-$39.0M cruise gap)	Dec. 2025 Ex-Maui anticipatory cash-basis pull-forward ahead of Jan. 1 rate hike (Announcement 2025-03)	Jan–May 2026 statewide TAT base growth (+1.33%) & true accrued TAT liability growth (+8.74%)

Abstract. On January 1, 2026, Hawaii Act 96 (SLH 2025) became the first explicit state-level climate-resilience tourism surcharge in the United States, raising the state Transient Accommodations Tax (TAT) by 0.75 percentage points from 10.25% to 11.00% and lifting Hawaii's uniform statewide lodging-tax stack—combined with 3.0% county TAT surcharges and the 4.712% maximum General Excise Tax (GET) pass-on—to 18.712% across all four counties. Hours before enactment, the U.S. Court of Appeals for the Ninth Circuit enjoined Act 96's parallel extension of the 11.0% TAT to prorated cruise-ship fares (*Cruise Lines Int'l Ass'n, Inc. v. Suganuma*, Nos. 25-8057/25-8058). Auditing 23 consecutive monthly Hawaii Department of Taxation (DOTAX) Form TA-1 district liability reports (July 2024–May 2026; 92 county-months) alongside Form G-45 GET non-lodging controls produces four primary findings: (1) every post-enactment monthly DOTAX table from January through May 2026 retroactively applies the 11.00% rate to all $3.935 billion of July–December 2025 pre-Act-96 lodging sales, overstating cumulative FY 2026 TAT liability by exactly $29,509,440.28 and inflating cumulative YoY liability growth from +6.12% to +10.14%; (2) with cruise collection enjoined, the land-only 0.75% Green Fee yielded $25.49 million across January–May 2026 and paces at $60.95 million annually—leaving a ~$39.0 million annual shortfall against the state's $100 million climate-fund projection; (3) consistent with DOTAX Announcement No. 2025-03's cash-basis transition rule, statewide taxable lodging sales spiked +7.51% YoY in December 2025 (+4.57 pp Ex-Maui panel surge, t = +4.65); and (4) in a within-Hawaii Difference-in-Differences test against unchanged GET Retailing and Services bases, controlling for December's pull-forward and Maui's normalizing post-wildfire rebound reduces the non-wildfire post-Act-96 demand shift to -1.16 percentage points (HC1 SE = 1.02 pp, t = -1.14), statistically indistinguishable from zero, with statewide taxable lodging sales rebounding to +2.72% YoY by May 2026.

1. Statutory Architecture and Primary Administrative Microdata

Under Hawaii Revised Statutes Chapter 237D, the Transient Accommodations Tax applies to stays of fewer than 180 consecutive days across hotels, resort condominiums, short-term vacation rentals, and timeshare occupancy. Act 96 (Senate Bill 1396, signed May 2025) raised the state TAT rate from 10.25% to 11.00% effective January 1, 2026 to fund wildfire mitigation, shoreline protection, and natural-resource stewardship. Because all four Hawaii counties—Honolulu (Oahu), Maui, Hawaii County (Big Island), and Kauai—simultaneously levy the maximum 3.0% county TAT surcharge and the 0.5% county GET surcharge (following Maui's adoption effective January 1, 2024, running through December 31, 2030 across all four counties), Hawaii now operates a uniform 18.712% statutory checkout tax stack statewide (11.00% state TAT + 3.00% county TAT + 4.712% maximum GET pass-on). Under Hawaii DOTAX Announcement No. 2026-01 (January 2, 2026), DOTAX suspended cruise-fare reporting on Forms TA-1 and TA-2 pursuant to the Ninth Circuit's December 31, 2025 / January 2, 2026 orders while enforcing the 11.00% land lodging rate in full.

To evaluate Act 96 using audited administrative records rather than survey estimates, we extracted all 23 consecutive monthly Hawaii DOTAX *Transient Accommodations Tax Liabilities Incurred by District* workbooks and archived official reports spanning July 2024 through May 2026 (92 county-months, verified to within $1.00 horizontally across districts and $0.48

vertically against DOTAX's prior-year columns; the latest May 2026 release is dated September 20, 2026). We paired these filings with official Form G-45 General Excise and Use Tax district base reports (January–May 2026 and cumulative FY 2026 vs. FY 2025) covering Retailing ($46.42B 11-month FY26 base), Services ($19.86B), and Hotel Rentals ($6.78B) to construct an internal untreated control group subject to zero rate change on January 1, 2026.

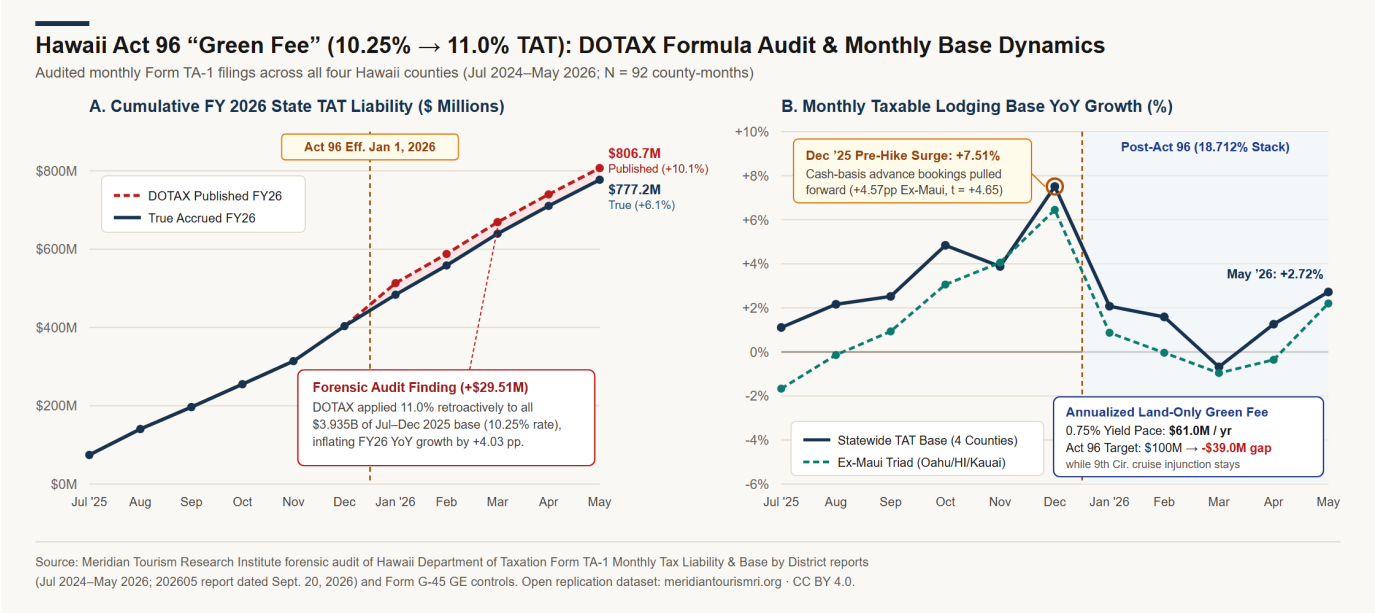

Figure 1. Left: Official Hawaii DOTAX published cumulative FY 2026 TAT liability versus true accrued liability (summing monthly liabilities at 10.25% for Jul–Dec 2025 and 11.00% for Jan–May 2026), isolating the exact $29.51 million retroactive formula error. Right: Monthly YoY taxable TAT base growth for all four counties and the non-wildfire Ex-Maui triad (Oahu, Hawaii Island, Kauai), illustrating December 2025's cash-basis pull-forward and the $39.0 million annual climate-fund gap while cruise-ship collection remains enjoined.

2. Forensic Audit: The $29.51 Million Retroactive Rate Bug in DOTAX Cumulative FY 2026 Tables

Cross-checking cumulative FY 2026 columns (Column H) across successive monthly Form TA-1 releases reveals an exact mechanical reporting error triggered on January 1, 2026. Through December 2025—the first six months of Hawaii's July-to-June fiscal year—cumulative FY 2026 taxable base totaled $3,934,592,038 ($3,719,719,733 transient accommodations plus $214,872,305 timeshare occupancy) and cumulative liability equaled exactly 10.25% of that base ($403,295,684). When the statutory rate stepped up to 11.00% in January 2026, DOTAX's automated reporting script multiplied the entire cumulative FY 2026 tax base from July 1, 2025 onward by 11.00% rather than summing monthly liabilities accrued under each applicable statutory rate.

Table 1 documents the resulting discrepancy across every published FY 2026 month. In January 2026, true cumulative FY 2026 liability equaled $403.30 million (Jul–Dec) plus $80.17 million (Jan) = $483.47 million (+4.70% YoY), yet DOTAX's official Excel and PDF tables printed $512.98 million (+11.09% YoY)—an exact +$29,509,440.28 overstatement equal to $3,934,592,038 × 0.0075 ($27,897,898.00 transient accommodations plus $1,611,542.29 timeshare occupancy). That identical $29.51 million phantom surplus carried forward uncorrected through February, March, April, and May 2026 (where DOTAX's September 20, 2026 release reports $806.72 million / +10.14% YoY instead of true accrued liability of $777.21 million / +6.12% YoY). Analysts, Council on Revenues forecasters, and municipal bond desks quoting DOTAX's cumulative FY 2026 YoY liability table without monthly reconstruction will overstate fiscal-year TAT momentum by +4.03 percentage points.

Table 1. Forensic reconciliation of Hawaii DOTAX published cumulative FY 2026 TAT liability against true monthly accrued liability (Form TA-1, Jul 2025–May 2026).

FY26 Filing Period	Statutory Rate	Published FY26 Liab.	True Accrued FY26	Overstatement ($)	Implied Rate	Pub. YoY	True YoY
Dec 2025 (H1 Close)	10.25%	$403,295,684	$403,295,684	$0	10.250%	+3.79%	+3.79%
Jan 2026 (Act 96 Start)	11.00%	$512,978,709	$483,469,269	+$29,509,440	11.000%	+11.09%	+4.70%
Feb 2026	11.00%	$587,583,163	$558,073,723	+$29,509,440	11.000%	+10.83%	+5.26%
Mar 2026	11.00%	$668,784,339	$639,274,898	+$29,509,441	11.000%	+10.29%	+5.43%
Apr 2026	11.00%	$739,774,311	$710,264,870	+$29,509,441	11.000%	+10.14%	+5.74%
May 2026 (Latest Rel.)	11.00%	$806,716,737	$777,207,297	+$29,509,441	11.000%	+10.14%	+6.12%

3. Land-Only Act 96 Yield and the $39.0 Million Cruise-Injunction Gap

When enacting Act 96, Governor Josh Green and legislative fiscal committees projected approximately $100 million in annual climate-resilience revenue from the combined 0.75-percentage-point lodging surcharge and the new prorated 11.0% cruise-ship fare tax. Because federal appellate orders in *CLIA v. Suganuma* barred cruise collection before January 1, 2026, audited Form TA-1 filings provide the first empirical measure of what the land-based Green Fee actually delivers on its own. Across January–May 2026, statewide taxable lodging sales totaled $3,399.2 million, generating $25.49 million from the 0.75% climate surcharge ($10.16M Oahu, $7.92M Maui, $4.12M Hawaii Island, and $3.29M Kauai). Applying Calendar Year 2025's exact January–May seasonal share (41.83% of $8.021 billion) implies a seasonally annualized CY 2026 taxable lodging base of $8.127 billion and a land-only 0.75% yield of $60.95 million per year ($60.49 million on the trailing 12-month June 2025–May 2026 base of $8.065 billion). Consequently, the Ninth Circuit cruise injunction creates an ongoing ~$39.0 million annual shortfall (39%) relative to Hawaii's headline $100 million Green Fee funding target.

4. Island Divergence, Anticipatory Pull-Forward, and Difference-in-Differences Elasticity

Table 2 compares pre-Act-96 taxable base momentum (July–December 2025 vs. July–December 2024) against the first five months under the 18.712% tax stack (January–May 2026 vs. January–May 2025) across all four island counties and Hawaii's untaxed Form G-45 General Excise control sectors. Two empirical patterns stand out immediately. First, consistent with DOTAX Announcement No. 2025-03—which confirmed that cash-basis taxpayers owed 10.25% on advance payments received before January 1, 2026—statewide taxable lodging sales surged +7.51% YoY in December 2025 (Maui +10.09%, Hawaii Island +10.28%, Kauai +5.86%, Oahu +5.06%). In an island-fixed-effects panel regression of monthly YoY log base growth (N = 44 island-months), the December 2025 anticipation dummy equals +3.97 percentage points statewide (HC1 SE = 0.82 pp, t = +4.82) and +4.57 percentage points across the non-wildfire Ex-Maui triad (HC1 SE = 0.98 pp, t = +4.65).

Second, while raw statewide YoY base growth moderated by -2.47 percentage points (from +3.79% in H1 FY26 to +1.33% in Jan–May 2026) and yielded a raw Difference-in-Differences estimate of -1.98 percentage points against Hawaii's unchanged GET Retailing + Services control group (+4.09% to +3.61%, -0.49 pp), more than half of that deceleration reflects Maui's mechanical normalization from its post-2023 Lahaina wildfire recovery (+8.29% to +3.69%) plus December's cash-basis timing shift. Excluding Maui and controlling for the December 2025 pull-forward dummy reduces the post-Act-96 shift across Oahu, Hawaii Island, and Kauai to -1.16 percentage points (HC1 SE = 1.02 pp, t = -1.14; month-clustered SE = 0.78 pp, t = -1.50)—statistically indistinguishable from zero at the 5% level. True accrued state TAT liability still climbed +8.74% YoY (+$30.05 million in five months: $343.85M to $373.91M), and by May 2026 every single Hawaii island posted positive YoY taxable base growth (statewide +2.72%, Oahu +1.34%, Maui +4.03%, Hawaii Island +5.67%, Kauai +1.47%), consistent with DBEDT/STR's May–July 2026 statewide hotel RevPAR expansion (+5.3% to +9.9%). Separately, comparing 11-month FY 2026 Form TA-1 transient accommodations ($6.937B) against Form G-45 GE Hotel Rentals ($6.779B) isolates a $157.7 million (+2.33%) non-hotel residential STR and vacation-rental reporting wedge.

Table 2. Pre- vs. post-Act-96 taxable base growth by island county and untreated General Excise control sectors (Hawaii DOTAX Form TA-1 & Form G-45, Jul 2024–May 2026).

County / Control Sector	Pre H1 YoY (Jul–Dec ’25)	Post 5-Mo YoY (Jan–May ’26)	Pre→Post Shift	Jan–May ’26 Base ($M)	Post Liab. YoY	5-Mo 0.75% Green Fee
Oahu District (Honolulu)	+0.67%	-1.17%	-1.84 pp	$1,355.3M	+6.06%	$10.16M
Maui District (Wildfire Rec.)	+8.29%	+3.69%	-4.60 pp	$1,055.9M	+11.28%	$7.92M
Hawaii District (Big Island)	+4.55%	+4.83%	+0.28 pp	$549.2M	+12.50%	$4.12M
Kauai District	+4.63%	-0.53%	-5.16 pp	$438.9M	+6.75%	$3.29M
Statewide TAT Total (All 4)	+3.79%	+1.33%	-2.47 pp	$3,399.2M	+8.74%	$25.49M
Ex-Maui Clean Triad (3 Cty)	+2.14%	+0.30%	-1.84 pp	$2,343.3M	+7.64%	$17.57M
Control: GE Retailing (4%)	+4.19%	+4.83%	+0.65 pp	$21,366M	Unchanged	Untreated
Control: GE Services (4%)	+3.87%	+0.76%	-3.12 pp	$8,998M	Unchanged	Untreated
Control: GE Retail + Svc.	+4.09%	+3.61%	-0.49 pp	$30,364M	Unchanged	DiD: -1.98pp / -1.36pp

5. Policy and Fiscal Implications for Hawaii and Other Climate-Fee States

Three actionable governance conclusions emerge for Hawaii’s Council on Revenues, DOTAX, county finance directors, and other tourism states considering environmental lodging surcharges. First, DOTAX Tax Research and Planning should issue an errata or segmented rate-period formula in its FY 2026 monthly Form TA-1 liability series so cumulative fiscal-year totals sum monthly liabilities accrued at 10.25% (Jul–Dec 2025) and 11.00% (Jan–Jun 2026) rather than applying 11.00% retroactively. Second, Hawaii’s capital and wildfire-resilience budgeters should plan around a realistic $60–$62 million annual Green Fee baseline—not $100 million—until the Ninth Circuit resolves the Tonnage Clause and maritime-preemption challenges in *CLIA v. Suganuma*. Third, the early audited data confirm that a modest 0.75-percentage-point climate increment (+0.63% all-in guest price change from 117.962% to 118.712%) did not trigger a collapse in Hawaii’s lodging base once cash-basis timing and Maui’s recovery curve are controlled, though Oahu’s softer Q1 2026 performance (-1.17% across Jan–May) warrants close monitoring as hotel ADR approaches $370–$398/night.

References and Open Replication Archive

1. State of Hawaii, Act 96, Session Laws of Hawaii 2025 (Senate Bill 1396; amending HRS Chapter 237D); Hawaii Department of Taxation Announcement No. 2025-03 (June 9, 2025) and Announcement No. 2026-01 (January 2, 2026).

2. Cruise Lines International Association, Inc. v. Suganuma, U.S. Court of Appeals for the Ninth Circuit, Docket Nos. 25-8057 & 25-8058 (Emergency Injunction Order Dec. 31, 2025; Clarification Order Jan. 2, 2026; Oral Argument April 2026).

3. Hawaii Department of Taxation, Tax Research and Planning, Monthly Transient Accommodations Tax Liabilities and Tax Base by District (202407–202605, Form TA-1, latest May 2026 release dated Sept. 20, 2026) and Monthly General Excise and Use Tax Liabilities by District (202601–202605, Form G-45), accessed Nov. 24, 2026 at tax.hawaii.gov/stats/a5_3txcolrpt/.

4. Hawaii Department of Taxation, County Surcharge on General Excise and Use Tax (Maximum Pass-On Rate 4.7120% across Honolulu, Hawaii, Kauai, and Maui counties through Dec. 31, 2030), tax.hawaii.gov/geninfo/countysurcharge/; Hawaii DBEDT Monthly Hotel Performance Reports (STR, Inc., April–September 2026).

5. Open Replication Dataset (CC BY 4.0): Meridian Tourism Research Institute, 23-Month Audited Hawaii DOTAX Act 96 TAT County-Month Panel (Jul 2024–May 2026, CSV, 115 rows), https://meridiantourismri.org/assets/data/hi_dotax_act96_tat_panel_2024_2026.csv.