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## A BILL FOR AN ACT

RELATING TO A SUSTAINABLE TOURISM INFRASTRUCTURE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. The legislature finds that the State's visitor  
2 industry constitutes essential economic infrastructure that  
3 supports statewide employment, tax revenues, and public  
4 services, while also relying heavily on energy, water,  
5 transportation, and coastal assets that are increasingly  
6 vulnerable to climate-related risks.

7       The legislature further finds that strategic, capital-based  
8 sustainability and climate resilience investments in visitor  
9 industry facilities, particularly in hotels, cruise ship  
10 operations, passenger terminals, and port-related  
11 infrastructure, can reduce greenhouse gas emissions, improve  
12 energy and water efficiency, mitigate climate risks, and reduce  
13 long-term public infrastructure and disaster recovery costs  
14 borne by the State.

15       Additionally, the legislature finds that in 2025, the State  
16 enacted a 0.75 per cent increase to the transient accommodations  
17 tax, commonly referred to as the "Green Fee", to create a



1 dedicated funding source to support climate resilience,  
2 environmental protection, and sustainability initiatives related  
3 to the visitor industry. According to the office of the  
4 governor, the increased transient accommodations is projected to  
5 generate approximately \$100 million in tax revenues annually.

6 Furthermore, the legislature finds that leveraging limited  
7 public funds to support voluntary, outcome-driven private-sector  
8 investments through competitive, matching grants can achieve  
9 measurable environmental and economic benefits without imposing  
10 new regulatory mandates or creating ongoing financial  
11 obligations for the State.

12 Accordingly, the purpose of this Act is to establish within  
13 the department of business, economic development, and tourism a  
14 time-limited, performance-based matching grant program to  
15 support voluntary sustainability and climate resilience  
16 investments in visitor industry infrastructure, maximize the  
17 return on public investment, and ensure transparency and  
18 accountability in the use of public funds.

19 SECTION 2. Chapter 201, Hawaii Revised Statutes, is  
20 amended by adding a new section to be appropriately designated  
21 and to read as follows:



1        "§201-        Sustainable tourism infrastructure matching grant  
2 program.    (a)    There is established within the department of  
3 business, economic development, and tourism, a competitive,  
4 performance-based sustainable tourism infrastructure matching  
5 grant program to support one-time capital investments that  
6 advance measurable sustainability and climate resilience  
7 outcomes within the State's visitor industry.

8        (b)    Eligible applicants may include but are not limited  
9 to:

10        (1)    Hotels, resorts, and other transient accommodations;

11        (2)    Cruise ship operators;

12        (3)    Passenger terminal operators;

13        (4)    Port or harbor facilities that directly support  
14 visitor transportation; and

15        (5)    Other visitor-serving facilities, as determined by the  
16 department, that demonstrate a clear nexus to  
17 sustainability or climate resilience outcomes.

18  
19        (c)    Grant funds shall be used exclusively for one-time  
20 capital expenditures that produce measurable sustainability or  
21 climate resilience outcomes, including but not limited to:



1        (1) Energy efficiency retrofits or electrification;

2        (2) Renewable energy or emissions-reduction  
3        infrastructure;

4        (3) Water efficiency, conservation, or reuse systems;

5        (4) Waste reduction or materials management  
6        infrastructure;

7        (5) Climate adaptation or resilience improvements,  
8        including flood mitigation; and

9        (6) Passenger terminal or port facility improvements that  
10       reduce environmental impacts.

11       (d) Grant funds shall not be used for ongoing operating  
12 expenses, routine maintenance, or activities that are otherwise  
13 required by law.

14       (e) All grants awarded under this section shall require a  
15 private-sector matching contribution, in an amount determined by  
16 the department, to ensure shared investment, fiscal discipline,  
17 and leverage of state funds.

18       (f) In awarding grants, the department shall prioritize  
19 projects that:

20       (1) Are implementation-ready;

21       (2) Demonstrate clear, measurable outcomes;



1        (3) Leverage significant private capital;

2        (4) Reduce long-term infrastructure risk or public cost  
3        exposure; and

4        (5) Align with statewide climate and economic resilience  
5        goals.

6        (g) The department shall submit an annual report of its  
7        findings and recommendations, including any proposed  
8        legislation, on the grant program to the legislature no later  
9        than twenty days prior to the convening of each regular session,  
10       beginning with the regular session of 2027. The report shall  
11       include, at a minimum:

12       (1) The number and amount of grants awarded;

13       (2) Types and locations of projects funded;

14       (3) Amount of private matching funds leveraged;

15       (4) Quantifiable sustainability or climate outcomes  
16       achieved; and

17       (5) An assessment of program effectiveness relative to  
18       stated goals.

19       (h) The department may adopt rules pursuant to chapter 91  
20       to carry out the purposes of this section."



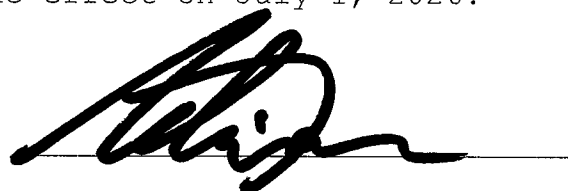
1       SECTION 3. There is appropriated out of the general  
2 revenues of the State of Hawaii the sum of \$                   or so  
3 much thereof as may be necessary for fiscal year 2026-2027 for  
4 the sustainable tourism infrastructure matching grant program  
5 established under section 2 of this Act.

6       The sum appropriated shall be expended by the department of  
7 business, economic development, and tourism for the purposes of  
8 this Act.

9       SECTION 4. New statutory material is underscored.

10      SECTION 5. This Act shall take effect on July 1, 2026.

11  
INTRODUCED BY:



JAN 28 2026



# H.B. NO. 2602

**Report Title:**

DBEDT; Travel and Tourism; Sustainable Infrastructure; Climate Resilience; Matching Grant Program; Reports; Appropriation

**Description:**

Establishes the sustainable tourism infrastructure matching grant program within the Department of Business, Economic Development, and Tourism to support one-time capital investments that advance measurable sustainability and climate resilience outcomes within the State's visitor industry. Requires annual reports to the Legislature. Appropriates funds.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

