
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 percentage point increase to the transient
17 accommodations tax and imposed the tax on certain proceeds from



1 cruise fares, commonly referred to as the green fee, to create a
2 dedicated funding source to support climate resilience,
3 environmental protection, and sustainability initiatives related
4 to the visitor industry. According to the office of the
5 governor, the increased transient accommodations tax is
6 projected to generate approximately \$100,000,000 in tax revenues
7 annually.

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

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



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

4 "§201- Sustainable tourism infrastructure matching
5 grant program. (a) There is established within the department
6 a sustainable tourism infrastructure matching grant program to
7 support one-time capital investments by eligible applicants in
8 tourism infrastructure that advance measurable sustainability
9 and climate resilience outcomes within the State's visitor
10 industry.

11 (b) Grants awarded under this section shall be used
12 exclusively for one-time capital expenditures that produce
13 measurable sustainability or climate resilience outcomes,
14 including but not limited to:

- 15 (1) Energy efficiency retrofits or electrification;
- 16 (2) Renewable energy or emissions-reduction
17 infrastructure;
- 18 (3) Water efficiency, conservation, or reuse systems;
- 19 (4) Waste reduction or materials management
20 infrastructure;



- 1 (5) Climate adaptation or resilience improvements,
- 2 including flood mitigation;
- 3 (6) Cycling and micromobility infrastructure; and
- 4 (7) Passenger terminal or port facility improvements that
- 5 reduce environmental impacts.

6 (c) No funds awarded under this section shall be used for
7 ongoing operating expenses, routine maintenance, or any other
8 activities required by law.

9 (d) No grant shall be awarded under this section unless
10 matched by private funds, in an amount to be determined by the
11 department, to ensure shared investment, fiscal discipline, and
12 leverage of state funds.

13 (e) In awarding grants, the department shall prioritize
14 projects that:

- 15 (1) Are implementation-ready;
- 16 (2) Demonstrate clear, measurable sustainability or
- 17 climate resilience outcomes;
- 18 (3) Leverage significant private capital;
- 19 (4) Reduce long-term infrastructure risk or public cost
- 20 exposure; and



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

3 (f) The department shall submit a report of its findings
4 and recommendations, including any proposed legislation, to the
5 legislature no later than twenty days prior to the convening of
6 each regular session, beginning with the regular session of
7 2027. The report shall include, at a minimum:

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

9 (2) Types and locations of projects funded;

10 (3) Amount of private matching funds leveraged;

11 (4) Quantifiable sustainability or climate outcomes
12 achieved; and

13 (5) An assessment of program effectiveness relative to
14 stated goals.

15 (g) The department may adopt rules pursuant to chapter 91
16 to carry out the purposes of this section.

17 (h) For the purposes of this section, "eligible
18 applicants" includes but is not limited to:

19 (1) Hotels, resorts, and other properties furnishing
20 transient accommodations;

21 (2) Cruise ship operators;



- 1 (3) Passenger terminal operators;
- 2 (4) Port or harbor facilities that directly support
- 3 visitor transportation;
- 4 (5) Bikeshare networks and operators and private nonprofit
- 5 organizations doing similar work; and
- 6 (6) Other visitor-serving facilities, as determined by the
- 7 department, that demonstrate a clear nexus to
- 8 sustainability or climate resilience outcomes."

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

14 The sum appropriated shall be expended by the department of
15 business, economic development, and tourism for the purposes of
16 this Act.

17 SECTION 4. New statutory material is underscored.

18 SECTION 5. This Act shall take effect on July 1, 3000.



Report Title:

DBEDT; Travel; 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. Effective 7/1/3000. (HD2)

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