

JAN 21 2026

A BILL FOR AN ACT

RELATING TO THE POMAIKAI HAWAII FUND.

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

1 SECTION 1. The legislature finds that a sovereign wealth
2 fund is a state-owned investment fund that holds and invests the
3 state's assets to generate financial returns for the long-term
4 benefit of the state's citizens. The legislature further finds
5 that sovereign wealth funds are typically established outside of
6 the state budget and managed with a long-term investment
7 horizon, allowing governments to strengthen fiscal stability,
8 support economic development, and preserve wealth for future
9 generations.

10 The legislature additionally finds that sovereign wealth
11 funds are used globally as tools for economic development and
12 intergenerational equity that are at times used to support
13 domestic infrastructure and invest in strategic sectors while
14 ensuring that revenues from limited or extraordinary sources
15 such as natural resources, budget surpluses, or legal
16 settlements are saved and invested prudently. Globally, more
17 than ninety countries and certain regional governments,



1 including U.S. states, operate sovereign wealth funds as
2 instruments for long-term economic stability and public benefit.
3 For example, Alaska's Permanent Fund invests a portion of the
4 state's oil revenues and distributes the earnings as annual
5 dividends to Alaska residents, providing them with a direct
6 benefit from the state's natural resource wealth while
7 preserving principal for future generations.

8 The legislature further finds that establishing a sovereign
9 wealth fund for the State would provide a mechanism to invest a
10 portion of revenues from tourism, budget surpluses, legal
11 settlements, and other sources for the long-term benefit of
12 residents of the State. The legislature also finds that
13 distributing a portion of investment earnings to qualified
14 residents as cash dividends may help families experience a
15 direct economic benefit from the tourism industry and assist
16 with the cost of essential household needs. Direct payments to
17 qualified residents from investment earnings could assist with
18 the high cost of living in the State while ensuring that future
19 generations share in the benefits of prudent fiscal management.

20 Accordingly, the purpose of this Act is to establish a
21 state-owned sovereign wealth fund that is similar to the Alaska



1 Permanent Fund by allocating a portion of the State's revenues
2 from the transient accommodations tax, a percentage of state
3 budget surpluses, a percentage of moneys received from certain
4 settlements or judgments in which the State is a party, and a
5 portion of the proceeds from the sale or other disposition of
6 public lands, to a state-owned sovereign wealth fund; investing
7 the moneys in the sovereign wealth fund to generate earnings;
8 and distributing the earnings as cash dividends directly to
9 qualifying residents of the State each year, beginning with
10 calendar year 2030.

11 SECTION 2. The Hawaii Revised Statutes is amended by
12 adding a new chapter to title V to be appropriately designated
13 and to read as follows:

14 **"CHAPTER**

15 **POMAİKAI HAWAII FUND**

16 **PART I. GENERAL PROVISIONS**

17 **§ -1 Definitions.** As used in this chapter:

18 "Board" means the board of directors of the pomaikai Hawaii
19 fund established and appointed pursuant to section -21.

20 "Fund" means the pomaikai Hawaii fund established pursuant
21 to section -11.



1 "Fund dividend" means earnings from the investment of
2 moneys in the pomaikai Hawaii fund that is distributed to
3 qualifying residents of the State.

4 **PART II. SOVEREIGN WEALTH FUND**

5 **§ -11 Pomaikai Hawaii fund; establishment.** (a) There
6 is established outside of the state treasury, a sovereign wealth
7 fund to be known as the pomaikai Hawaii fund for the purposes of
8 investing the moneys in the fund and distributing the earnings
9 as dividends to qualifying residents of the State each year.

10 The fund shall be under the control of the board and placed
11 under the department of budget and finance for administrative
12 purposes.

13 (b) The following shall be deposited into the fund:

14 (1) Revenues from the transient accommodations tax
15 allocated to the fund pursuant to section 237D-6.5;

16 (2) per cent of the state general fund balance at
17 the close of the fiscal year whenever state general
18 fund revenues for each of the two successive fiscal
19 years exceeds revenues for each of the preceding

20 fiscal years by per cent;



- 1 (3) Notwithstanding any other law to the
2 contrary, per cent of all moneys received as a
3 settlement or judgment through any civil action in
4 which the State is a party; except for those actions
5 involving departments able to procure their own legal
6 services as provided for by section 28-8.3 and where
7 no court order specifically provides for the deposit
8 of moneys received through the action;
- 9 (4) Notwithstanding any other law to the contrary, a
10 portion of the proceeds from the sale or other
11 disposition of public lands, authorized out of the
12 special land and development fund for deposit into the
13 fund by the legislature pursuant to section
14 171-19(a)(12);
- 15 (5) Any other moneys as authorized or appropriated by the
16 legislature into the fund;
- 17 (6) Any other moneys received by the fund from any other
18 source; and
- 19 (7) All interests, dividends, or other income derived from
20 the investment of moneys in the fund.



(c) The board may expend moneys from the fund to carry out the purposes of this chapter.

PART III. BOARD OF DIRECTORS

§ -21 **Board of directors; established.** (a) There is established the board of directors of the pomaikai Hawaii fund to manage and invest the moneys in the fund and distribute the earnings to qualified residents of the State.

(b) The board shall consist of members, which shall include:

(1) Two ex officio members consisting of the following, or their designees:

(A) The director of finance; and

(B) The director of business, economic development, and tourism; and

(2) members of the public to be appointed by the governor as provided in section 26-34; provided that public members shall include at least one member from each of the counties of Honolulu, Hawaii, Maui, and Kauai; provided further that at least of the public members shall have knowledge and expertise in



1 finance, investments, or other business
2 management-related fields.

3 (c) The public members of the board shall serve four-year
4 staggered terms; provided that a public member may be
5 reappointed for one additional consecutive four-year term. If
6 by the end of a public member's term, the public member is not
7 reappointed or the public member's successor is not appointed,
8 the public member shall serve until the public member's
9 successor is appointed.

10 (d) The board shall elect from among its members, a
11 chairperson, vice chairperson, and a secretary-treasurer.

12 (e) A simple majority of members of the board shall
13 constitute quorum to do business. Any action taken by the board
14 shall be approved by a simple majority of the members present.
15 All decisions of the board shall be reduced to writing and shall
16 state separately the board's findings of fact and conclusions.

17 (f) A vacancy on the board shall be filled for the
18 remainder of the unexpired term in the same manner as the
19 original appointment. Any vacancy on the board shall not impair
20 the authority of the remaining members to establish quorum by a



1 simple majority of the remaining members and to exercise all the
2 powers of the board.

3 (g) The members of the board shall serve without
4 compensation but shall be reimbursed for their actual and
5 necessary expenses, including travel expenses, incurred in
6 carrying out their duties.

7 § -22 **Board of directors; powers and duties.** In
8 addition to any other powers and duties authorized by law, the
9 board shall:

- 10 (1) Adopt, amend, and repeal rules in accordance with
11 chapter 91 to carry out the purposes of this chapter;
- 12 (2) Collect, receive, deposit, and withdraw moneys on
13 behalf of the fund;
- 14 (3) Invest moneys in fund in the same manner specified in
15 section 88-119;
- 16 (4) Assist residents of the State, particularly in rural
17 areas, who, because of language, disability, or
18 inaccessibility to public transportation, need
19 assistance to establish eligibility and to apply for
20 fund dividends;



- 1 (5) Beginning with calendar year 2030, annually pay fund
2 dividends to qualifying residents of the State;
- 3 (6) Make payments of periodic charges and pay for
4 reasonable expenses incurred in carrying out the
5 purposes of the fund;
- 6 (7) Contract for the performance of financial audits of
7 the fund;
- 8 (8) Retain auditors, investment firms and managers, or
9 other professional advisors to carry out the purposes
10 of this chapter;
- 11 (9) Maintain accurate records and accounts of all
12 financial transactions of the fund that shall be
13 audited annually and summarized in an annual report to
14 the governor and legislature;
- 15 (10) Maintain suitable and adequate records and provide
16 information upon request by State and county employers
17 as necessary to carry out the purposes of the fund;
- 18 (11) Procure fiduciary liability insurance and error and
19 omissions coverage for all directors; and



1 (12) Procure a fidelity bond of a reasonable amount for the
2 chairperson and any other person authorized to handle
3 fund moneys.

4 § -23 **Administration; staff; legal advisor.** (a) The
5 board shall appoint an administrator and staff as may be
6 necessary to carry out the functions of the board.

7 (b) The administrator and staff shall serve at the
8 pleasure of the board and shall be hired without regard to
9 chapter 76 but shall be eligible for participation in state
10 employee benefit plans. Notwithstanding section 76-16(b)(17),
11 this exemption from chapter 76 shall not expire.

12 (c) The attorney general shall serve as legal adviser to
13 the board and shall provide legal representation for the fund.

14 **PART IV. DIVIDENDS DISTRIBUTION**

15 § -32 **Eligibility; qualified resident; criteria.** (a) A
16 qualified resident of the State is eligible to receive one fund
17 dividend each year in an amount to be determined by the board;
18 provided that the individual submits an application to the board
19 in compliance with the procedures and requirements established
20 by the board by rule. The board shall prescribe and furnish an
21 application form for claiming a fund dividend.



1 (b) To be deemed a qualified resident of the State, the
2 individual shall:

3 (1) Be a bona fide resident of the State on the date of
4 application;

5 (2) Have been a bona fide resident of the State during the
6 entire calendar year preceding the current dividend
7 year; and

8 (3) Meet all other requirements the board deems to be just
9 and reasonable.

10 (c) The board shall adopt rules pursuant to chapter 91
11 that establish:

12 (1) Eligibility criteria for fund dividends, including:

13 (A) Exceptions to the residency criteria in
14 subsection (b); and

15 (B) Categories of individuals who shall be excluded
16 from eligibility;

17 (2) Standards applied by the board to determine an
18 applicant's eligibility, which may include a
19 requirement that an applicant provide proof of
20 eligibility;



(3) Procedures and time limits for claiming a fund dividend; provided that the board shall determine the number of eligible applicants by October 1 of the year for which the dividend is declared and pay the dividends by December 31 of that year; and

(4) Procedures and time limits for an applicant to appeal the board's determination on the eligibility of the applicant.

(d) The board shall consider all relevant information and circumstances in determining the eligibility of an individual, including information available from other state agencies.

§ -33 Amount of fund dividends; public notice. (a)

Beginning October 1, 2030, and by October 1 of each year thereafter, the board shall determine the amount of fund dividends to be paid to each qualified resident of the State that year and issue a public notice of the amount. The board shall also post the notice on its website."

SECTION 3. Section 171-19, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) There is created in the department a special fund to be designated as the "special land and development fund".



1 Subject to the Hawaiian Homes Commission Act of 1920, as
2 amended, and section 5(f) of the Admission Act of 1959, all
3 proceeds of sale of public lands, including interest on deferred
4 payments; all moneys collected under section 171-58 for mineral
5 and water rights; all rents from leases, licenses, and permits
6 derived from public lands; all moneys collected from lessees of
7 public lands within industrial parks; all fees, fines, and other
8 administrative charges collected under this chapter and chapter
9 183C; a portion of the highway fuel tax collected under chapter
10 243; a portion of the transient accommodations tax under chapter
11 237D; all moneys collected by the department for the commercial
12 use of public trails and trail accesses under the jurisdiction
13 of the department; and private contributions for the management,
14 maintenance, and development of trails and accesses shall be set
15 apart in the fund and shall be used only as authorized by the
16 legislature for the following purposes:

- 17 (1) To reimburse the general fund of the State for
18 advances made that are required to be reimbursed from
19 the proceeds derived from sales, leases, licenses, or
20 permits of public lands;



1 (2) For the planning, development, management, operations,
2 or maintenance of all lands and improvements under the
3 control and management of the board pursuant to title
4 12, including but not limited to permanent or
5 temporary staff positions who may be appointed without
6 regard to chapter 76;

7 (3) To repurchase any land, including improvements, in the
8 exercise by the board of any right of repurchase
9 specifically reserved in any patent, deed, lease, or
10 other documents or as provided by law;

11 (4) For the payment of all appraisal fees; provided that
12 all fees reimbursed to the board shall be deposited in
13 the fund;

14 (5) For the payment of publication notices as required
15 under this chapter; provided that all or a portion of
16 the expenditures may be charged to the purchaser or
17 lessee of public lands or any interest therein under
18 rules adopted by the board;

19 (6) For the management, maintenance, and development of
20 trails and trail accesses under the jurisdiction of
21 the department;



- 1 (7) For the payment to private land developers who have
2 contracted with the board for development of public
3 lands under section 171-60;
- 4 (8) For the payment of debt service on revenue bonds
5 issued by the department, including revenue bonds
6 issued for the purposes of section 237D-6.5(b)(4), and
7 the establishment of debt service and other reserves
8 deemed necessary by the board;
- 9 (9) To reimburse the general fund for debt service on
10 general obligation bonds issued to finance
11 departmental projects, including projects under
12 section 237D-6.5(b)(4), where the bonds are designated
13 to be reimbursed from the special land and development
14 fund;
- 15 (10) For the protection, planning, management, and
16 regulation of water resources under chapter 174C;
- 17 (11) For the purposes of section 237D-6.5(b)(4); ~~[and]~~
- 18 (12) For deposit into the pomaikai Hawaii fund established
19 pursuant to section -11; provided that this
20 paragraph shall only apply to proceeds from the sale
21 or other disposition of public lands; and



1 [~~12~~] (13) For other purposes of this chapter."

2 SECTION 4. Chapter 235, Hawaii Revised Statutes, is
3 amended by adding a new section to be appropriately designated
4 and to read as follows:

5 "§235- Pomaikai Hawaii fund dividends exemption. This
6 chapter shall not apply to amounts received as a fund dividend
7 pursuant to chapter ."

8 SECTION 5. Section 237D-6.5, Hawaii Revised Statutes, is
9 amended by amending subsection (b) to read as follows:

10 "(b) Except for the revenues collected pursuant to section
11 237D-2(e), revenues collected under this chapter shall be
12 distributed in the following priority, with the excess revenues
13 to be deposited into the general fund:

14 (1) \$1,500,000 shall be allocated to the Turtle Bay
15 conservation easement special fund beginning July 1,
16 2015, for the reimbursement to the state general fund
17 of debt service on reimbursable general obligation
18 bonds, including ongoing expenses related to the
19 issuance of the bonds, the proceeds of which were used
20 to acquire the conservation easement and other real
21 property interests in Turtle Bay, Oahu, for the



1 protection, preservation, and enhancement of natural
2 resources important to the State, until the bonds are
3 fully amortized;

4 (2) \$11,000,000 shall be allocated to the convention
5 center enterprise special fund established under
6 section 201B-8;

7 (3) An allocation shall be deposited into the tourism
8 emergency special fund, established in section
9 201B-10, in a manner sufficient to maintain a fund
10 balance of \$5,000,000 in the tourism emergency special
11 fund; ~~and~~

12 (4) \$3,000,000 shall be allocated to the special land and
13 development fund established under section 171-19 for:

14 (A) The protection, preservation, maintenance, and
15 enhancement of natural resources, including
16 beaches;

17 (B) Planning, construction, and repair of facilities;

18 (C) Operation, maintenance, and improvement costs of
19 public lands, including beaches; and

20 (D) Any related debt service and financing agreement
21 costs~~[+]~~; and



1 (5) \$ _____ shall be allocated to the pomaikai Hawaii
2 fund established under section -11.

3 All transient accommodations taxes shall be paid into the
4 state treasury each month within ten days after collection and
5 shall be kept by the state director of finance in special
6 accounts for distribution as provided in this subsection."

7 SECTION 6. The director of finance shall provide guidance
8 to the board of directors of the pomaikai Hawaii fund on the
9 establishment and administration of the pomaikai Hawaii fund,
10 including but not limited to:

11 (1) The structure of dividend distributions to qualified
12 residents of the State, including but not limited to:

- 13 (A) Eligibility criteria to receive fund dividends;
14 (B) Calculation method for determining the amount of
15 fund dividends to be distributed each year; and
16 (C) Management of earnings from the investment of
17 moneys in the fund, including whether a separate
18 account should be created within the fund.

19 (2) Investment criteria for the pomaikai Hawaii fund; and

20 (3) Any other policies or procedures necessary to ensure
21 transparency, accountability, and fiscal



1 responsibility in the administration of the pomaikai
2 Hawaii fund.

3 SECTION 7. The board of directors of the pomaikai Hawaii
4 fund shall submit a report on the status and progress of the
5 pomaikai Hawaii fund, including any findings, recommendations,
6 and proposed legislation, to the legislature no later than
7 twenty days prior to the convening of the regular sessions of
8 2027, 2028, and 2029.

9 SECTION 8. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 9. This Act shall take effect upon its approval;
12 provided that section 4 shall apply to taxable years beginning
13 after December 31, 2029.

14

INTRODUCED BY: _____

A handwritten signature in black ink, appearing to be 'JLS', is written over a horizontal line.

S.B. NO. 2199

Report Title:

Director of Finance; Pomaikai Hawaii Fund; Sovereign Wealth Fund; Special Land and Development Fund; Investment; Dividend Distribution; Qualified Residents; Rules; Reports

Description:

Establishes the Pomaikai Hawaii Fund, a state-owned sovereign wealth fund, into which certain portions of the transient accommodations tax revenues, moneys from general fund balance surpluses, moneys from civil action settlements where the State is a party, and a portion of the proceeds from the sale or other disposition of public lands shall be deposited. Establishes a Board of Directors to manage and invest the moneys in the Fund and distribute the earnings to qualified residents of the State beginning calendar year 2030. Requires the Board to adopt rules. Requires the Director of Finance to provide guidance to the Board on the establishment and administration of the Fund. Requires reports to the Legislature.

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

