

STAND. COM. REP. NO.

499

Honolulu, Hawaii

**FEB 12**, 2025

RE: H.B. No. 577  
H.D. 2

Honorable Nadine K. Nakamura  
Speaker, House of Representatives  
Thirty-Third State Legislature  
Regular Session of 2025  
State of Hawaii

Madame:

Your Committee on Economic Development & Technology, to which  
was referred H.B. No. 577, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to authorize a tax credit for  
five years for businesses that pay the public transportation costs  
of employees.

Your Committee received testimony in support of this measure  
from Retail Merchants of Hawaii and two individuals. Your  
Committee received comments on this measure from the Department of  
Taxation and Tax Foundation of Hawaii.

Your Committee finds that increased public transportation use  
will lead to reduced traffic congestion, greenhouse gas emissions,  
and wear on roads and infrastructure. This measure seeks to  
increase public transportation usage by authorizing a tax credit  
for businesses that pay the public transportation costs of  
employees.

Your Committee has amended this measure by:

- (1) Changing the amount of the tax credit to an unspecified  
percentage; and

2025-1688 HB577 HD2 HSCR HMSO

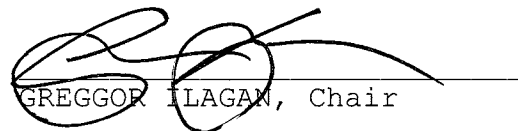


- (2) Making a technical, nonsubstantive amendment for the purposes of clarity, consistency, and style.

Your Committee notes the suggestion raised in the Department of Taxation's testimony to offer the tax credit at a rate of less than one hundred percent of the amount spent by the employer to purchase employees' fares or passes, in order to limit the potential for abuse and waste.

As affirmed by the record of votes of the members of your Committee on Economic Development & Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 577, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 577, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development & Technology,

  
GREGGOR ILAGAN, Chair



HSCR 499

Bill/Resolution No.: HB 577 H21		Committee Referral: TRN, ECD, FIN		Date: 2/7/25	
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.					
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)					
ECD Members		Ayes	Ayes (WR)	Nays	Excused
1. ILAGAN, Greggor (C)		/			
2. HUSSEY, Ikaika (VC)		/			
3. HOLT, Daniel		/			
4. TAM, Adrian K.		/			
5. TEMPLO, Shirley Ann		/			
6. TODD, Chris		/			
7. MATSUMOTO, Lauren		/			
TOTAL (7)		7	—	—	—
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)					
Vice Chair's or designee's signature: _____					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					