

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE COMMITTEE ON

ENERGY & ENVIRONMENTAL PROTECTION

FEBRUARY 4, 2025, 9:00 A.M.
CONFERENCE ROOM 325 AND VIA VIDEOCONFERENCE, STATE CAPITOL

H.B. 461

RELATING TO COMMUTING

Chair Lowen, Vice Chair Perruso, and Members of the Committee, thank you for the opportunity to submit testimony on this measure.

The Department of Accounting and General Services (DAGS) offers **comments** on H.B. 461 which requires the Director of Human Resources Development (DHRD), in consultation with the Hawaii Climate Change Mitigation and Adaptation Commission, State Energy Office, and DAGS, to develop and implement a comprehensive Commuting Choice Benefit Program for all state employees regardless of mode of transportation.

DHRD has a Qualified Transportation Fringe Benefit program that allows employees to enroll in pre-tax payroll deduction for qualified transportation expenses,

such as parking and bus passes. DAGS has employees who are currently enrolled in both parking and bus pass deductions on a pre-tax basis.

Thank you for the opportunity to provide testimony on this measure.

JOSH GREEN, M. D.
GOVERNOR
KE KIA'ĀINA

SYLVIA LUKE
LT. GOVERNOR
KA HOPE KIA'ĀINA



BRENNA H. HASHIMOTO
DIRECTOR
KA LUNA HO'OKELE

BRIAN K. FURUTO
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
KA 'OIHANA HO'OMŌHALA LIMAHANA

235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

Statement of
BRENNA H. HASHIMOTO
Director, Department of Human Resources Development

Before the
HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION
Tuesday, February 4, 2025
9:00 a.m.
State Capitol, Conference Room 325

In consideration of
HB 461, RELATING TO COMMUTING

Chair Lowen, Vice Chair Perruso, and the members of the committee.

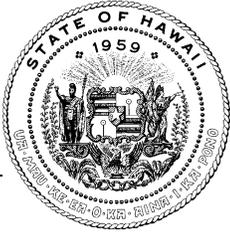
The Department of Human Resources Development (HRD) offers the following **comments** for HB 461.

The purpose of HB 461 is to require HRD, in consultation with the Hawai'i climate change mitigation and adaptation commission, state energy office, and the department of accounting and general services, to develop and implement a comprehensive commuting choice benefit program for all state employees regardless of the mode of transportation and requires HRD to submit a progress report to the legislature.

- This bill requires HRD to develop and implement a comprehensive commuting choice benefit program for all state employees. However, only the executive branch departments are under the purview of HRD. HRD does not have jurisdiction over the judicial and legislative branches of government, as well as agencies that do not fall under the executive branch.
- Currently, HRD offers the Pre-Tax Transportation Benefit Pilot Program (PTBP Program), authorized under section 132(f) of the Internal Revenue Code (IRC) of 1986, as amended, which allows employers to deduct, on a pre-tax basis, qualified transportation benefits, such as:
 - A seat in a commuter highway vehicle between the employee's home and worksite (i.e., vanpool).
 - Qualified parking
 - Public transit passes (i.e., bus, rail, or ferry)

- Qualified bicycle commuting reimbursement (\$20) – suspended until 2026 pursuant to the Tax Cut and Jobs Act of 2017
- As of June 30, 2024, a total of 4,111 employees were enrolled in payroll deductions for their DAGS parking fees, while 260 employees participated in the pre-tax deduction program for their monthly bus pass fees.
- Alternative modes of commuting, such as walking, rolling using a wheelchair or other mobility aid, car sharing, and biking are not covered under section 132(f), IRC. Therefore, any reimbursement or financial incentives provided for these modes of commuting will be considered taxable and reported as income.
- The proposed bill does not include an appropriation. In the case of the current PTBP program, the parking and bus pass fees are funded by the participating employees' payroll contributions that are deducted on a pre-tax basis. If the State were to subsidize or provide a financial incentive for the other alternative modes of commuting, the costs would be borne by the employer.

HRD appreciates the intent to promote and support alternative commuting options. However, we have concerns regarding the impact on department resources, state finances, and the long-term sustainability of the program should the state provide a financial incentive.



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SYLVIA LUKE
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MARK B. GLICK
CHIEF ENERGY OFFICER

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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Tuesday, February 4, 2025
9:00 AM
State Capitol, Conference Room 325 and Videoconference

In Support of
HB461

RELATING TO COMMUTING.

Chair Lowen, Vice Chair Perruso, and Members of the Committee, the Hawai'i State Energy Office (HSEO) supports HB 461 which directs the Department of Human Resources Development (DHRD), in consultation with the Hawai'i Climate Change Mitigation and Adaptation Commission, HSEO, and the Department of Accounting and General Services, to develop and implement a commuting choice benefit program for all state employees.

This measure aligns with the State's energy and climate goals by incentivizing alternatives to single-occupancy vehicle commuting, reducing greenhouse gas emissions, and improving mobility options for commuters. Emissions from transportation account for more than half of Hawai'i's energy-related emissions, with ground transportation alone contributing 36% of the state's total greenhouse gas emissions, as reported in the Greenhouse Gas Emissions Report for 2021.¹ Achieving Hawai'i's statutory target of net-negative emissions by 2045 will require substantial reductions in emissions from ground transportation. Reducing vehicle miles traveled (VMT) and increasing the use of sustainable transportation options are critical strategies in this

¹ State of Hawaii, Department of Health. Greenhouse Gas Inventory: [Hawaii Greenhouse Gas Emissions Report for 2020 and 2021 \(hawaii.gov\)](https://www.hawaii.gov/health/greenhouse-gas-emissions-report-2020-and-2021/)

effort.² State employees represent a critical market segment where transportation demand management (TDM) strategies can help achieve these reductions. The current system of subsidized state employee parking disproportionately incentivizes single-occupancy vehicle commuting while failing to provide equitable benefits to those who use public transportation, bicycles, car-sharing, or other sustainable commuting options.

A survey of more than 3,500 state employee (as part of a State Government Transportation Demand Management Study done in collaboration between the HSEO and the O'ahu Metropolitan Planning Organization) demonstrated strong interest in alternative transportation and has identified a commuting choice benefit program as an important travel demand management strategy.³

By requiring the development and implementation of a commuting choice benefit program, this bill takes an important step toward modernizing state employee transportation benefits. Providing equivalent transportation benefits for alternative commuting modes will encourage more employees to choose energy-efficient and lower-emission travel options, reducing overall vehicle miles traveled, alleviating congestion, and improving air quality. We stand ready to provide technical assistance to support the program's development and implementation.

The HSEO supports HB 461 as long as its passage does not replace or adversely impact priorities indicated in the Executive Budget.

Thank you for the opportunity to testify.

² Hawai'i State Energy Office (2023). [Hawai'i Pathways to Decarbonization, Act 238 Report to the 2024 Hawai'i State Legislature \(Act 238 Report\)](#), pages 104, 146, and 184

³ <https://engage.oahumpo.org/transportation-demand-management-tdm-study>



STATE OF HAWAII
HAWAII CLIMATE CHANGE MITIGATION & ADAPTATION
COMMISSION
POST OFFICE BOX 621
HONOLULU, HAWAII 96809

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Director, Maui DP
Director, Hawaii DP
Director, Kauai DP
The Adjutant General
Manager, CZM

Testimony of
LEAH LARAMEE
Climate Change Coordinator on behalf of
Climate Change Mitigation and Adaptation Commission Co-Chair Mary Alice Evans and
Co-Chair Dawn N.S. Chang

Before the House Committee on
ENERGY AND ENVIRONMENTAL PROTECTION

Tuesday, February 4, 2025
9:00 AM
State Capitol, Conference Room 325 & Videoconference

In consideration of
HOUSE BILL 461
RELATING TO COMMUTING

House Bill 461 Requires the Director of Human Resources Development, in consultation with the Hawai'i Climate Change Mitigation and Adaptation Commission, State Energy Office, and Department of Accounting and General Services, to develop and implement a comprehensive Commuting Choice Benefit Program for all state employees regardless of mode of transportation. **The Hawai'i Climate Change Mitigation and Adaptation Commission (Commission) supports this measure.**

The Commission consists of a multi-jurisdictional effort between 20 different departments, committees, and counties to protect the lives and livelihoods of the people of Hawai'i through accelerate climate action. Transportation Demand Management (TDM) is a general term for strategies that aim for more efficient use of transportation resources through improved information, incentives for efficient travel, and disincentives for travel that increases Vehicle Miles Traveled (VMT). This bill aligns with next steps identified in Recommendation 2 of the Commissions 2022 report "Investing in Transportation Choices" report in "...developing a coordinated approach for implementation of VMT reduction and transportation demand management (TDM) strategies."

The cost of living in Hawai'i is unsustainable, providing a Commuting Choice Benefit Program will assist in alleviating the burden of car ownership and high cost of gas. At the same time the program can reduce VMT, the proxy to measuring ground transportation emissions and the robustness of transportation options, to reduce carbon emissions. The urgency of the climate crisis, the effects of which are now impossible to ignore, coupled with the dramatic rise in gas prices, point up the State's obligation to use it's authority to provide transportation choices beyond subsidized parking.

VMT and associated GHG emissions have grown, are projected to grow, and will be an obstacle to achieving state climate goals. VMT from cars and light trucks accounts for over half of GHG emissions generated by transportation activities (51% in 2017) and has increased since 2000. Future projections show that VMT will continue to grow without changes to plans, transportation networks, and land use.

The commission notes the amendments recommended by the Oahu Metropolitan Planning Organization and respectfully requests the Committee adopt them. Mahalo for the opportunity to testify in support of this measure.



Testimony of the Oahu Metropolitan Planning Organization

Committee on Energy and Environmental Protection

February 4, 2025 at 9:00AM

Conference Room 325

HB 461

Relating to Commuting

Dear Chair Lowen, Vice Chair Perrusso, and Committee Members,

The Oahu Metropolitan Planning Organization (OahuMPO) **supports HB 461 and offers amendments to improve the bill**, which would require the Department of Human Resources Development, in consultation with the Hawai'i Climate Change Mitigation and Adaptation Commission, State Energy Office, and Department of Accounting and General Services, to develop and implement a comprehensive Commuting Choice Benefit Program for all state employees regardless of mode of transportation and requires a report to the Legislature.

This bill is aligned with the intention of the State Government Employee Transportation Demand Management Study¹, which OahuMPO conducted in partnership with the Hawaii State Energy Office, and in collaboration with the Department of Human Resources Development and the Department of Accounting and General Services.

As part of the Study, the OahuMPO conducted an employee survey, employee focus groups, an origin-destination analysis, and other spatial analyses to understand what employee transportation challenges are, and to identify potential opportunities. The study identified the following as high priority incentives² to change employee commute behavior:

1. Fully subsidized transit passes;
2. Fully subsidized bikeshare passes; and
3. Financial incentive for employees who opt out of employee parking, and instead commute via walk, roll, bike, transit, carpool, or vanpool.

Part of this study also included developing cost estimates for the implementation of these strategies, which can be made available to legislators upon request.

¹ <https://engage.oahumpo.org/transportation-demand-management-tdm-study>

² https://oahumpo.org/?wpfb_dl=3428 (starting on page 50)

More information about the study and its findings can be viewed on the study website: <https://engage.oahumpo.org/transportation-demand-management-tdm-study>

The OahuMPO supports the intention of the bill, and would like to make the following recommendations to further improve the bill, and align it with the priority recommendations in its State Government Employee Transportation Demand Management Study:

1. Add the following language to include administration, staff support, employee transportation coordinator program, new state badge to enable transit and bikeshare passes, and development of a parking opt-out program, and an appropriation for the commute choice benefit program. The OahuMPO recommends the following changes to section 2 (a), in red:

SECTION 2. (a) The director of human resources development, in consultation with the Hawai'i climate change mitigation and adaptation commission, state energy office, and department of accounting and general services, shall develop and implement a comprehensive commuting choice benefit program for all state employees regardless of mode of transportation. ~~The program shall include walking, rolling using a wheelchair or other mobility aid, car sharing, biking, and using public transportation, and shall encourage the use of healthy, safe, economically sound, and environmentally sustainable commuting modes. The program shall administer, promote, and conduct education and outreach of state employee transportation benefits and encourage the use of healthy, economical, and environmentally sustainable commuting modes of transportation and discourage the use of single-occupant vehicle commuting.~~

(b) Each state department and its agencies shall establish a volunteer employee transportation coordinator at each physical worksite of the department or agency. The department of human resources development, in collaboration with the Oahu metropolitan planning organization, shall work with the volunteer employee transportation coordinator to hold monthly meetings to assist with the distribution of educational and marketing materials and provide guidance on encouraging employees to participate in the transportation demand management program.

(c) The department of human resources development shall offer fully subsidized public transit passes and bikeshare passes as a benefit option

to all public employees. The public transit and bikeshare passes shall be integrated into public employee badges and shall be in accordance with existing transit pass badging programs.

(d) The department of human resources development shall, in coordination with the department of accounting and general services, develop a parking opt-out program to allow all public employees to opt out of a parking stall to receive a financial incentive."

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ or so much thereof as may be necessary for fiscal year 2025-2026 and the same sum or so much thereof as may be necessary for fiscal year 2026-2027 for the transportation demand management program established pursuant to section 2 of this Act, including the hiring of:

- (1) One permanent full-time equivalent (1.00 FTE) position within the department of human resources development to administer and promote the program; and**
- (2) One permanent full-time equivalent (1.00 FTE) position within the Oahu metropolitan planning organization to assist the position under paragraph (1) with the program.**

The sums appropriated shall be expended by the department of human resources development for the purposes of this Act.

SECTION 4. New statutory material is underscored.

SECTION 5. This Act shall take effect on July 1, 2025.

The OahuMPO is the federally designated Metropolitan Planning Organization (MPO) on the island of Oahu responsible for carrying out a multimodal transportation planning process, including the development of a long-range (25-year horizon) metropolitan transportation plan, referred to as the Oahu Regional Transportation Plan (ORTP), which encourages and promotes a safe and efficient transportation system to serve the mobility needs of people and freight (including walkways, bicycles, and transit), fosters economic growth and development, and takes into consideration resiliency needs, while minimizing fuel consumption and air pollution ([23 CFR 450.300](#)).

This bill is consistent with several goals of the Oahu Regional Transportation Plan including support for active and public transportation, promoting an equitable transportation system, and improving air quality and protecting environmental and cultural assets.³ Providing more robust and equitable employee transportation benefits can help more employees save on their transportation costs, reduce transportation emissions and traffic congestion, and improve employee transportation choices.

Thank you for the opportunity to provide testimony on this measure. We'd be happy to answer any questions about the Study.

³ https://oahumpo.org/?wpfb_dl=2215

HB-461

Submitted on: 1/29/2025 9:08:53 AM

Testimony for EEP on 2/4/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Lisa Bishop	Individual	Support	Written Testimony Only

Comments:

If state employees must have this tax break to come to work, I support this common sense legislation.

Dear Chair Lowen, Vice Chair Perrusso, and Committee Members,

My name is Kiana Otsuka and I am a state employee. I am writing in **HB 461 and offer amendments to improve the bill**, which would require the Department of Human Resources Development, in consultation with the Hawai'i Climate Change Mitigation and Adaptation Commission, State Energy Office, and Department of Accounting and General Services, to develop and implement a comprehensive Commuting Choice Benefit Program for all state employees regardless of mode of transportation and requires a report to the Legislature.

I'd like to recommend that the bill include language to assure that the program:

1. Administers, promotes, and conducts education and outreach of employee transportation benefits;
2. Creates two full-time positions to serve as liaisons to promote, educate, and conduct outreach to state employees and the private sector on TDM strategies and benefits including available ride matching tools, public transit and pre-tax commuter benefits; work on implementation and administration of improved state transportation benefits outlined in this bill; coordinate TDM efforts amongst key state and city departments who play a role in the implementation; and leverage federal funding from the Federal Highway Administration to fund TDM strategies for all Hawai'i residents;
3. Requires each state worksite to create volunteer Employee Transportation Coordinator positions;
4. Issues new badges to state government employees enabled with fully subsidized transit passes, in coordination with County transit agencies issuing passes;
5. Offers fully subsidized bikeshare passes to state government employees in coordination with County bikeshare programs; and,
6. Develops and implements a parking opt-out program in coordination with the Department of Human Resources Development and the Department of Accounting and General Services.
7. Has an appropriation to fund the items, above.

I've been a long-time transit rider, and have either paid for my transit fare via the pre-tax option, or have paid out of pocket. Last year, I spent more than \$450 on transit fares to get to/from work. This is a huge expense for me. On the other hand, I could choose to drive my car to downtown Honolulu, and pay \$35/month for parking at a state lot. Driving is much more convenient and much quicker for me (1 hour on two different buses vs. 15-20 minutes to drive), but I choose to ride transit because it's important to me to reduce my greenhouse gas emissions and not contribute further to traffic.

I also use the Biki bikeshare on my own dime, to transport myself to/from meetings to save time, so I can efficiently use my work day to complete my tasks. Last year, I spent \$220 on my bikeshare membership, which is a huge expense to me.

We should be rewarding state employees who choose commute modes that are less impactful to our traffic congestion and environment. This is why I feel it's important to fund the improved benefits outlined above: fully subsidized transit and bikeshare passes and a parking cashout program.

Mahalo,

Kiana Otsuka

HB-461

Submitted on: 1/30/2025 7:44:55 PM

Testimony for EEP on 2/4/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Caroline Kunitake	Individual	Support	Written Testimony Only

Comments:

Support HB461

HB-461

Submitted on: 2/2/2025 5:01:09 PM

Testimony for EEP on 2/4/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Veronica Moore	Individual	Support	Written Testimony Only

Comments:

To: Representative Nicole Lowen, Chair

Representative Amy Perruso, Vice Chair

House Committee on Energy & Environmental Protection

House Committee on Labor

House Committee on Finance

From: Veronica Moore, Individual Citizen

Date: February 2, 2025

RE: Upcoming Hearing for HB461

Measure Title: RELATING TO COMMUTING.

Report Title: DHRD; Transportation; Commuting; State Employees; Plan;
Commuting Choice Benefit Program; Report

To All Concerned,

My name is Veronica Moore and I support House Bill 461 as I believe it will provide a great benefit to state employees. Thank you for introducing this bill and I appreciate the opportunity to present testimony regarding it.

Sincerely,

Veronica M. Moore