

---

# A BILL FOR AN ACT

---

RELATING TO TAXATION.

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

1       SECTION 1. Chapter 235, Hawaii Revised Statutes, is  
2       amended by adding a new section to be appropriately designated  
3       and to read as follows:

4       "§235-       Public transportation subsidization tax credit.

5       (a) There shall be allowed to each individual or corporate  
6       taxpayer who is not claimed, or is not otherwise eligible to be  
7       claimed, as a dependent by another taxpayer for federal or state  
8       income tax purposes, a public transportation subsidization tax  
9       credit that shall be deductible from the taxpayer's net income  
10      tax liability imposed by this chapter for the taxable year in  
11      which the tax credit is properly claimed.

12      (b) To qualify for the tax credit, the taxpayer shall be  
13      an employer having a place of business in any county in the  
14      State.

15      (c) The amount of the tax credit shall be equal  
16      to       per cent of the amount spent by the taxpayer during the



1 taxable year to purchase fares or passes for the employer's  
2 employees to use public transportation.

3 (d) If the tax credit under this section exceeds the  
4 taxpayer's income tax liability, the excess of the credit over  
5 liability may be used as a credit against the taxpayer's income  
6 tax liability in subsequent years until exhausted; provided that  
7 no credit carried forward under this subsection shall be used as  
8 a credit for a taxable year beginning after December 31, 2030.

9 All claims for the tax credit under this section, including  
10 amended claims, shall be filed on or before the end of the  
11 twelfth month following the close of the taxable year for which  
12 the tax credit may be claimed. Failure to meet the filing  
13 requirements of this subsection shall constitute a waiver of the  
14 right to claim the tax credit.

15 (e) No other tax credit or deduction shall be claimed  
16 under this chapter for the expenses used to claim a tax credit  
17 under this section for the taxable year.

18 (f) The director of taxation:

19 (1) Shall prepare any forms that may be necessary to claim  
20 a tax credit under this section;



(2) May require the taxpayer to furnish reasonable information to ascertain the validity of the claim for the tax credit made under this section; and

(3) May adopt rules under chapter 91 necessary to effectuate the purposes of this section.

(g) The tax credit authorized under this section shall not be available for taxable years beginning after December 31, 2029.

(h) The director of taxation shall submit to the legislature reports regarding the tax credit authorized under this section. Each report shall be submitted no later than twenty days prior to the convening of the regular sessions of 2027, 2028, 2029, and 2030. Each report shall include, at minimum:

(1) The number and value of the credits granted under this section for the prior calendar year; and

(2) The total number and value of the credits granted under this section since its enactment.

(i) For the purposes of this section, "public transportation" means any mass transportation program that is:

(1) Open to the general public; and



1        (2) Operated or contracted by the State or a county."

2        SECTION 2. New statutory material is underscored.

3        SECTION 3. This Act shall take effect on July 1, 3000;  
4 provided that it shall apply to taxable years beginning after  
5 December 31, 2025.



**Report Title:**

Tax Credit; Businesses; Employees; Public Transportation;  
Legislature; Reports

**Description:**

Authorizes a tax credit for businesses that pay the public transportation costs of employees. Requires reports to the Legislature. Applies for taxable years beginning after 12/31/2025 but not beginning after 12/31/2029. Effective 7/1/3000. (HD2)

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

