

JAN 22 2021

---

---

# A BILL FOR AN ACT

RELATING TO TRANSPORTATION.

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

1           SECTION 1. The legislature finds that due to the growing  
2 threats of human-induced climate change and a rising cost of  
3 living, the State has committed to one hundred per cent clean  
4 energy and a carbon-negative economy by 2045, progress to which  
5 has already tripled cheaper renewable energy in the islands over  
6 the last decade and reduced electric rates for local residents.  
7 The State and all counties have also committed to one hundred  
8 per cent clean ground transportation and are on track to convert  
9 all public vehicle fleets by 2035.

10           The legislature finds that next to public vehicle fleets,  
11 rental motor vehicles represent the largest passenger vehicle  
12 fleets in Hawaii and are responsible for a significant amount of  
13 carbon emissions. Transitioning rental motor vehicle fleets to  
14 zero-emission vehicles would significantly reduce carbon  
15 emissions. It would also increase the number of zero-emissions  
16 vehicles entering the secondary market annually, making clean  
17 electric vehicles more affordable for local residents and



1 reducing their cost of transportation. Finally, it would  
2 demonstrate to all who visit that Hawaii can keep pace with the  
3 innovation and electrification of transportation already  
4 underway in cities across Asia and remain competitive in clean  
5 transportation and as a sustainable destination.

6 The purpose of this Act is to assist with the transition to  
7 clean zero-emissions rental motor vehicle fleets.

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

11 "§235- Electric vehicle charging infrastructure;  
12 purchase of electric rental motor vehicles; income tax credit.

13 (a) Beginning on January 1, 2023, each eligible taxpayer  
14 subject to the taxes imposed by this chapter may claim an income  
15 tax credit under this section, which shall be deductible from  
16 the eligible taxpayer's net income liability, if any, imposed by  
17 this chapter for the taxable year in which the credit is  
18 properly claimed.

19 (b) The amount of the tax credit shall be up to the  
20 cumulative amount the taxpayer paid in the previous year in  
21 rental motor vehicle pollution assessments. The tax credit



# S.B. NO. 774

1 shall reimburse the purchase of eligible taxpayer purchased  
2 electric charging infrastructure or electric rental motor  
3 vehicles in the tax year for which the credit is properly  
4 claimed.

5 (c) If the tax credit claimed by the taxpayer under this  
6 section exceeds the taxpayer's net income tax liability, the  
7 excess of the credit over payments due shall be refunded to the  
8 taxpayer; provided that:

9 (1) The tax credit properly claimed by a taxpayer who has  
10 no income tax liability shall be paid to the taxpayer;  
11 and

12 (2) No refunds or payments on account of the tax credit  
13 under this section shall be made for amounts less than  
14 \$1.

15 (d) The director of taxation:

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

18 (2) May require the taxpayer to furnish proof of the claim  
19 for the tax credit; and

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



## S.B. NO. 774

1       (e) All of the provisions relating to assessments and  
2 refunds under this chapter and under section 231-23(c)(1) shall  
3 apply to the tax credit under this section.

4       (f) All claims for the tax credit under this section,  
5 including amended claims, shall be filed on or before the end of  
6 the twelfth month following the close of the taxable year for  
7 which the credits may be claimed.

8       (g) As used in this section:

9       "Eligible taxpayers" means, with respect to any taxable  
10 year, any rental motor vehicle lessors operating in the State  
11 that operate a total of more than fifty light duty passenger  
12 vehicles statewide as rental motor vehicles.

13       "Rental motor vehicle" has the same meaning as defined in  
14 section 251-1."

15       SECTION 3. Chapter 251, Hawaii Revised Statutes, is  
16 amended by adding a new section to be appropriately designated  
17 and to read as follows:

18       "§251-     Rental motor vehicle pollution assessment;  
19 established. (a) Beginning on January 1, 2022, there is levied  
20 and shall be assessed and collected each month a rental motor  
21 vehicle pollution assessment of \$3 for each day, or portion of a



# S.B. NO. 774

1 day, that a rental motor vehicle that is not a zero-emissions  
2 vehicle is rented or leased; provided that beginning on  
3 January 1, 2025, the rental motor vehicle pollution assessment  
4 shall be \$5 per day, and that beginning on January 1, 2030, the  
5 rental motor vehicle pollution assessment shall be \$10 per day.  
6 The pollution assessment shall be levied upon the lessor.

7 (b) The rental motor vehicle emissions pollution  
8 assessment shall not be levied on rental motor vehicles rented  
9 out as car-sharing vehicles pursuant to section 251-2.5, or on  
10 zero-emissions vehicles.

11 (c) The moneys received from the assessment shall be  
12 deposited into the general fund.

13 (d) As used in this section,  
14 "Zero-emissions vehicle"

15 (1) Has the same meaning as defined in section 251-1; and

16 (2) Means a hydrogen fed cell vehicle with four or more  
17 wheels that draws propulsion from electricity  
18 generating by passing hydrogen through a fuel cell."

19 SECTION 4. New statutory material is underscored.

20 SECTION 5. This Act shall take effect on July 1, 2021,

21





# S.B. NO. 774

**Report Title:**

Zero-emissions Vehicles; Rental Motor Vehicle Emissions Transition Program; Rental Motor Vehicle Pollution Assessment; Tax Credit

**Description:**

Provides a tax credit for the installation of electric vehicle charging infrastructure or purchase of electric rental motor vehicle. Levies a rental motor vehicle pollution assessment on each non-zero-emissions rental motor vehicle rental, excluding vehicles rented out as car sharing vehicles.

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

