

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

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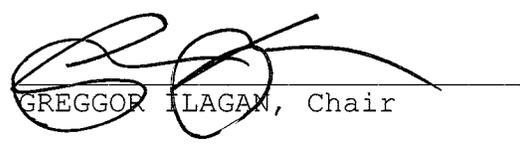


- (2) Making a technical, nonsubstantive amendment for the purposes of clarity, consistency, and style.

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

