
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 climate change is a
2 global issue that threatens Hawaii's coastlines, natural
3 resources, and the wellbeing of residents. A significant
4 portion of Hawaii's greenhouse gas emissions originates from
5 gasoline "superusers", defined as the top ten per cent of
6 drivers in terms of gasoline consumption, with each individual
7 using at least 1,270 gallons of gasoline annually.

8 The legislature further finds that in Hawaii, about 6.8 per
9 cent of drivers, or approximately sixty-five thousand
10 individuals, are gasoline superusers. On average, each gasoline
11 superuser drives more than forty thousand miles annually.
12 Altogether, Hawaii gasoline superusers consume approximately
13 117,000,000 gallons of gasoline in a year, making up about one-
14 quarter of the State's total annual gasoline usage.

15 The legislature additionally finds that the financial
16 barriers to the adoption of clean transportation alternatives
17 are disproportionately high for lower-income individuals. This



1 disparity risks creating an uneven path toward clean
2 transportation, where environmental and economic benefits accrue
3 primarily to those with greater resources. The legislature
4 believes that it is vital to address this inequity to ensure
5 that the shift toward a cleaner transportation system is
6 inclusive and accessible to all members of society.

7 The legislature also finds that reducing greenhouse gas
8 emissions from transportation is essential to mitigate climate
9 change and protect the State's environment, economy, and
10 wellbeing of residents. It is in the public interest to provide
11 financial assistance to encourage residents to adopt cleaner
12 transportation alternatives, including but not limited to
13 electric vehicles, more fuel-efficient vehicles, personal or
14 electric bicycles, public transportation passes, and charging
15 equipment, especially for those in low- and moderate-income
16 communities who may face affordability barriers.

17 The purpose of this Act is to establish a clean
18 transportation alternatives incentive program that returns funds
19 to eligible residents of the State who meet a certain income
20 threshold or are gasoline superusers, based on their prior fuel



usage, for any qualifying purchase that supports clean mobility, while promoting climate justice and resource efficiency.

SECTION 2. Chapter 225P, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§225P- Clean transportation alternatives incentive program; established. (a) There is established within the department of transportation a clean transportation alternatives incentive program to provide financial incentives through:

(1) An income-based incentive subsidy for residents whose income does not exceed \$150,000 per year who relinquish or replace a gasoline-powered vehicle; and

(2) A gasoline superuser subsidy for residents who are verified gasoline superusers and who relinquish or replace a gasoline-powered vehicle.

(b) To qualify for an income-based incentive pursuant to subsection (a), an applicant shall submit proof of:

(1) A household federal adjusted gross income not exceeding \$150,000;

(2) Hawaii residency; and



1 (3) Purchase of a qualifying clean transportation
2 alternative within ninety days of relinquishing a
3 gasoline-powered vehicle.

4 (c) The income-based incentive shall be \$4,000 per
5 gasoline-powered vehicle traded in for an applicant who has
6 submitted the necessary documentation as required pursuant to
7 subsection (b) and is approved by the department of
8 transportation.

9 (d) To qualify for the gasoline superuser incentive, an
10 applicant shall submit proof of:

11 (1) Annual gasoline consumption exceeding 1,270 gallons,
12 using registration and mileage records;

13 (2) Hawaii residency; and

14 (3) Purchase of a qualifying clean transportation
15 alternative within ninety days of relinquishing a
16 gasoline-powered vehicle.

17 (e) When an applicant relinquishes a gasoline-powered
18 vehicle, the dealer receiving the vehicle shall calculate the
19 applicant's average annual gasoline use for the vehicle based on
20 registration records and the following formula:



1 (1) Current odometer reading minus the odometer reading at
2 time of purchase, which shall equal the total miles
3 driven;

4 (2) The total miles driven divided by the federal
5 Environmental Protection Agency miles per gallon
6 rating, which shall equal the total gallons; and

7 (3) The total gallons divided by the number of years owned
8 by the applicant, which shall equal the average annual
9 gallons.

10 (f) The gasoline superuser incentive shall be awarded to
11 an applicant who has submitted the necessary documentation as
12 required pursuant to subsection (d) and is approved by the
13 department of transportation. The amount of the award shall be
14 calculated based on the average annual gallons, as determined by
15 subsection (e) (3) multiplied by \$7.00 per-gallon gasoline
16 incentive rate.

17 The department of transportation shall establish the per-
18 gallon rate to achieve the greatest possible emissions
19 reductions for each dollar of state funds spent.



1 (g) Incentive funds may be paid as a voucher, or any other
2 form as determined by the department of transportation, to be
3 used by the recipient for any eligible purpose.

4 (h) No applicant shall receive more than one incentive
5 allowed under this section within a five year period, to begin
6 on the day following the disbursement of the incentive.

7 (i) The department of transportation shall adopt rules
8 pursuant to chapter 91 necessary to carry out this section. The
9 rules adopted pursuant to this section shall address, at
10 minimum:

11 (1) Approving eligible expenditures;

12 (2) Verifying eligibility, income limits, and qualifying
13 purchases;

14 (3) Acceptable documentation and procedures for
15 distribution of the incentive; and

16 (4) Setting tiers or higher rates for low- or moderate-
17 income households, as defined by current state or
18 federal guidelines.

19 (j) As used in this section:

20 "Clean transportation alternative" includes but is not
21 limited to:



(1) Purchase or lease of an electric vehicle or plug-in hybrid;

(2) Purchase of a new or used vehicle achieving at least twenty per cent better fuel economy than the vehicle replaced;

(3) Purchase of a bicycle, electric bicycle, or personal micro-mobility device;

(4) Purchase of a bus or public transit pass or card valid for six months or longer; or

(5) Purchase and installment of electric vehicle or bicycle charging equipment.

"Gasoline superuser" means an individual whose verified average annual gasoline consumption exceeds 1,270 gallons per year or who is within the top ten per cent of statewide drivers by fuel use, as determined by the department of transportation."

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$60,000,000 or so much thereof as may be necessary for fiscal year 2026-2027 for the department of transportation to implement and administer the clean transportation alternatives incentive program established pursuant to section 225P- , Hawaii Revised Statutes; provided



1 that the department may expend up to \$6,000,000 for
2 administrative expenses directly related to the program.

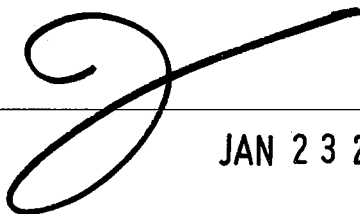
3 The sum appropriated shall be expended by the department of
4 transportation for the purposes of this Act.

5 SECTION 4. New statutory material is underscored.

6 SECTION 5. This Act shall take effect on July 1, 2026, and
7 shall be repealed on .

8

INTRODUCED BY:


JAN 23 2026

H.B. NO. 2038

Report Title:

Department of Transportation; Clean Transportation Alternatives;
Incentive Program; Appropriation

Description:

Requires the Department of Transportation to establish a Clean Transportation Alternatives Incentive Program that returns funds to eligible residents of the State who meet a certain income threshold or use a certain amount of gasoline as fuel for transportation.

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

