

JAN 23 2026

A BILL FOR AN ACT

RELATING TO PUBLIC TRANSIT.

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

1 SECTION 1. The legislature finds that public transit is
2 vital for Hawaii's children and families and provides access to
3 schools, jobs, sports and extracurriculars, health services, and
4 community activities. Public transit is especially critical for
5 disadvantaged communities where many are unable to afford
6 personal vehicles, and disabled individuals who are unable to
7 drive, or to walk or bike long distances. Existing state and
8 county programs, including the department of education's express
9 county bus pass program and county-specific fare reductions,
10 support youth transit access but have limitations that may make
11 access inequitable. For example, the express county bus pass
12 program is limited to intermediate, middle, and high school
13 students attending their home school and residing 1.5 miles or
14 more from school, which excludes students who live within
15 shorter distances. County bus systems provide some financial
16 relief for youth. For example, Oahu's bus system provides free
17 rides for children ages five and younger when they ride with a



1 paying adult and offers reduced fares for youth aged six to
2 nineteen. Maui's bus system offers fare-free transit for
3 children and youth aged twenty-four and younger with a valid
4 student identification card, with a requirement that children
5 five and under are accompanied by a paying adult. Hawaii
6 island's hele-on transit service is currently fare-free for all
7 riders. Kauai's bus provides free rides for children aged six
8 and younger when they ride with a paying adult and offers
9 discounted fares for youth aged seven to eighteen. However,
10 county transit options are not necessarily available every year.

11 The legislature further finds that other states, including
12 Washington, have successfully implemented state-supported fare-
13 free youth transit programs, which have resulted in millions of
14 fare-free trips, greater independence for youth, measurable
15 progress toward state emissions reduction goals, and financial
16 relief for families. In Hawaii, however, varying eligibility
17 requirements and administrative processes create burdens for
18 families and limit program effectiveness.

19 The legislature believes that a universal fare-free transit
20 program for all children through high school age would eliminate
21 these barriers and reduce family transportation costs.



1 The legislature further believes that increasing transit
2 ridership will support the State's goals to reduce emissions by
3 fifty per cent by 2030 and to achieve net negative greenhouse
4 gas emissions by 2045, pursuant to section 225P-5 Hawaii Revised
5 Statutes. Increased public transit use will also move the State
6 closer to realizing zero emissions from transportation, the goal
7 established in section 225P-8, Hawaii Revised Statutes.

8 The legislature recognizes that in October 2025, the
9 department of transportation published its "Energy Security and
10 Waste Reduction Plan", which fulfills a requirement of the
11 landmark settlement agreement in Navahine F. v. Department of
12 Transportation. The plan identifies actions the State can take
13 to meet its legal mandates to decarbonize the statewide
14 transportation system. These actions include providing
15 increased transit access as an equitable transportation option,
16 especially for disadvantaged and rural communities.

17 The legislature finds that providing state-supported fare-
18 free youth transit, which will offer broad public benefits
19 through increased affordability, equity, safety, health and
20 carbon emissions reduction, is directly relevant to the State's
21 environmental goals and an appropriate use of funds from the



1 environmental response, energy, and food security tax under
2 section 243-3.5, Hawaii Revised Statutes.

3 The legislature also finds that allocating a portion of
4 these tax revenues to fund the fare-free youth transit program
5 directly fulfills the purpose for establishing the tax and
6 aligns the allocation of the revenues with the need to increase
7 transit ridership in furtherance of the State's emissions
8 reduction targets. Establishing a fare-free youth transit
9 program special fund, and allocating 38 cents out of the
10 existing \$1.05 per barrel tax on petroleum products, and 7 cents
11 or 36.8 per cent out of the existing 19 cents per each million
12 British thermal units tax on non-petroleum fossil fuels, will
13 provide an estimated total of \$9,870,000 annually to fund the
14 free youth transit program.

15 The legislature concludes that the expected benefits from
16 increasing youth access to equitable and affordable
17 transportation through fare-free youth transit are:

18 (1) A reduction in overall household financial burdens on
19 families, especially low-income families who depend on
20 public transportation;



- 1 (2) A reduction in the State's dependence on fossil fuel,
2 imported oil, and other imported energy resources
3 thereby moving Hawaii toward energy and transportation
4 self-sufficiency and helping to reach the State's
5 emissions reduction targets;
- 6 (3) Improved youth access to schools, jobs, extra-
7 curricular activities, and health and community
8 services;
- 9 (4) A reduction in the number of motor vehicles on the
10 roads, and corresponding reductions in traffic,
11 improved road safety, and a better quality of life for
12 everyone.

Accordingly, the purpose of this Act is to:

14 (1) Establish within the department of transportation a
15 fare-free youth transit program, to be coordinated
16 with the counties;

17 (2) Establish a fare-free youth transit program special
18 fund;

19 (3) Require biannual evaluations of the new program and
20 special fund;



6 SECTION 2. The Hawaii Revised Statutes is amended by
7 adding a new chapter to title 15 to be appropriately designated
8 and to read as follows:

"CHAPTER

FARE-FREE YOUTH TRANSIT PROGRAM

11 § **-1 Definitions.** As used in this chapter, unless the
12 context otherwise requires:

13 "Child" or "children" means an individual or individuals
14 less than eighteen years of age.

15 "County transit service" means a public bus or rail
16 service, operated by or on behalf of a county in the State.

17 "Department" means the department of transportation.

18 "Elementary-age or younger child" means a child from birth
19 through twelve years of age.

20 "Guardian" means a parent, legal guardian, or other adult
21 responsible for accompanying an elementary-age or younger child.



1 "Youth" means an individual from birth to young adulthood,
2 and may include individuals eighteen years of age or older.

3 **S -2 Program; established.** (a) There is established
4 within the department a fare-free youth transit program. The
5 program shall provide, in coordination with the counties, fare-
6 free county transit services to:

7 (1) All children through age seventeen;
8 (2) Youth who are high school students; and
9 (3) Guardians accompanying elementary-age or
10 younger children; provided that no more than one
11 guardian may receive a free fare for each elementary-
12 age or younger child for any ride.

13 (b) The department shall coordinate with the counties and
14 evaluate at least biannually the program's:

15 (1) Impact on ridership; costs and savings to families;
16 costs and other impacts to counties; transportation
17 equity; including disadvantaged and rural communities;
18 safety; and
19 (2) Alignment with state environmental goals.



1 **§ -3 Fare-free youth transit program special fund. (a)**

2 There is established within the state treasury a fare-free youth
3 transit program special fund.

4 (b) Deposits into the special fund may include:

5 (1) The portion of the environmental response, energy, and
6 food security tax specified under section 243-3.5(6);

7 (2) Moneys appropriated to the fund by the legislature;
8 and

9 (3) Investment earnings, gifts, donations, or other income
10 received by the department of transportation.

11 (c) The director of transportation shall administer the
12 special fund.

13 (d) All moneys deposited into the fare-free youth transit
14 program special fund shall be expended by the department to:

15 (1) Award moneys to county transit agencies to provide
16 fare-free county transit services to eligible riders,
17 as specified under section -1; and

18 (2) Cover administrative and program evaluation costs
19 associated with the implementation and operation of
20 the fare-free youth transit program.



16 SECTION 3. Section 243-3.5, Hawaii Revised Statutes, is
17 amended by amending subsections (a) and (b) to read as follows:
18 "(a) In addition to any other taxes provided by law,
19 subject to the exemptions set forth in section 243-7, there is
20 hereby imposed a state environmental response, energy, and food
21 security tax on each barrel or fractional part of a barrel of



1 petroleum product sold by a distributor to any retail dealer or
2 end user of petroleum product, other than a refiner. The tax
3 shall be \$1.05 on each barrel or fractional part of a barrel of
4 petroleum product that is not aviation fuel; provided that of
5 the tax collected pursuant to this subsection:

6 (1) 5 cents of the tax on each barrel shall be deposited
7 into the environmental response revolving fund
8 established under section 128D-2;

9 (2) 4 cents of the tax on each barrel shall be deposited
10 into the energy security special fund established
11 under section 201-12.8;

12 (3) 5 cents of the tax on each barrel shall be deposited
13 into the energy systems development special fund
14 established under section 304A-2169.1;

15 (4) 3 cents of the tax on each barrel shall be deposited
16 into the electric vehicle charging system subaccount
17 established pursuant to section 269-33(e); ~~and~~

18 (5) 3 cents of the tax on each barrel shall be deposited
19 into the hydrogen fueling system subaccount
20 established pursuant to section 269-33(f) ~~;~~ and



1 (6) 38 cents of the tax on each barrel shall be deposited
2 into the fare-free youth transit program special fund
3 established pursuant to section -3.

4 The tax imposed by this subsection shall be paid by the
5 distributor of the petroleum product.

6 (b) In addition to subsection (a), the tax shall also be
7 imposed on each one million British thermal units of fossil fuel
8 sold by a distributor to any retail dealer or end user, other
9 than a refiner, of fossil fuel. The tax shall be 19 cents on
10 each one million British thermal units of fossil fuel; provided
11 that of the tax collected pursuant to this subsection:

12 (1) 4.8 per cent of the tax on each one million British
13 thermal units shall be deposited into the
14 environmental response revolving fund established
15 under section 128D-2;

16 (2) 14.3 per cent of the tax on each one million British
17 thermal units shall be deposited into the energy
18 security special fund established under section
19 201-12.8; [and]

20 (3) 9.5 per cent of the tax on each one million British
21 thermal units shall be deposited into the energy



systems development special fund established under
section 304A-2169.1[.]; and
(4) 36.8 per cent of the tax on each one million British
thermal units shall be deposited into the fare-free
youth transit program special fund established under
section -3."

7 The tax imposed by this subsection shall be paid by the
8 distributor of the fossil fuel."

9 SECTION 4. The department of transportation shall evaluate
10 the fare-free youth transit program at least biannually for the
11 first two years of its existence and submit a report to the
12 legislature on the program's implementation no later than twenty
13 days prior to the convening of the regular session of 2029. The
14 report shall include:

15 (1) Data on ridership, costs, and administrative
16 challenges; and

17 (2) Recommendations, including proposed legislation, for
18 any necessary modifications to the program.

19 SECTION 5. There is appropriated out of the general
20 revenues of the State the sum of \$ or so much thereof



1 as may be necessary for fiscal year 2026-2027 to be deposited
2 into the fare-free youth transit program special fund.

3 SECTION 6. There is appropriated out of the fare-free
4 youth transit program special fund the sum of \$ or so
5 much thereof as may be necessary for fiscal year 2026-2027 for
6 the purposes of the fund.

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

9 SECTION 7. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 8. This Act shall take effect upon its approval;
12 provided that sections 5 and 6 shall take effect on July 1,
13 2026.

14

INTRODUCED BY: Josephine R. Johnson



S.B. NO. 2699

Report Title:

DOT; Fare-Free Youth Transit Program; Keiki Ride Free; Public Transit; Special Fund; Appropriations

Description:

Establishes within the Department of Transportation a fare-free youth transit program, to be coordinated with the counties. Establishes a fare-free youth transit program special fund. Requires biannual evaluations of the new program and special fund. Allocates moneys from the environmental response, energy, and food security tax to the fare-free youth transit program special fund. Appropriates moneys into and out of the fare-free youth transit program special fund. Requires reports to the Legislature.

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

