

JAN 23 2026

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# 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;



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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.

13      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;



- (4) Allocate moneys from the environmental response, energy, and food security tax to the fare-free youth transit program special fund; and
- (5) Appropriate moneys into and out of the fare-free youth transit program special fund.

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

**"CHAPTER**

**FARE-FREE YOUTH TRANSIT PROGRAM**

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

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

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

"Department" means the department of transportation.

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

"Guardian" means a parent, legal guardian, or other adult 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 § -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.





1 (e) No later than twenty days prior to the convening of  
2 each regular session, the director of transportation shall  
3 submit a report to the legislature, regarding:

4 (1) The status, progress, and impact of existing programs  
5 and activities and the status and expected impact of  
6 new programs and activities funded by the fare-free  
7 youth transit program special fund;

8 (2) The spending plan for the fare-free youth transit  
9 program special fund;

10 (3) All expenditures of fare-free youth transit program  
11 special fund moneys; and

12 (4) The targeted markets of the expenditures, including  
13 the reasons for selecting those markets; the persons  
14 to be served; and the specific objectives of the  
15 expenditures, including measurable outcomes."

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



1 systems development special fund established under  
2 section 304A-2169.1[~~-~~]; and

3 (4) 36.8 per cent of the tax on each one million British  
4 thermal units shall be deposited into the fare-free  
5 youth transit program special fund established under  
6 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:





# 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.*

