

JAN 23 2026

A BILL FOR AN ACT

RELATING TO PARKING.

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

1 SECTION 1. The purpose of this Act is to improve air
2 quality and reduce traffic congestion by requiring employers of
3 twenty or more employees to provide transit subsidies, cash
4 allowances, or both in lieu of employer-subsidized parking to
5 encourage employees to find alternative means of commuting to
6 work, such as public transportation, carpooling, bicycling, or
7 walking.

8 SECTION 2. Chapter 378, Hawaii Revised Statutes, is
9 amended by adding a new part to be appropriately designated and
10 to read as follows:

11 **"PART . PARKING CASH-OUT PROGRAM**

12 **§378- Parking cash-out program.** (a) Each employer of
13 twenty persons or more who provides a parking subsidy to
14 employees shall offer a parking cash-out program. A parking
15 cash-out program offered under this section shall include
16 offering employees a choice of tax-exempt, employer-paid transit
17 or vanpool subsidies, taxable cash, or a combination of the two,



1 such that the value of the total benefit received is equal to or
2 greater than the market rate cost of parking.

3 (b) Any parking cash-out program offered pursuant to this
4 part shall offer participating employees a daily and a monthly
5 option; provided that employees who elect the monthly parking
6 cash-out program option shall receive the monthly market rate
7 cost of parking amount but may still pay the market rate cost of
8 parking on whichever days of the month they drive to their place
9 of employment.

10 (c) A parking cash-out program may include a requirement
11 that participating employees certify that they will comply with
12 guidelines established by the employer and designed to reduce
13 parking near the place of employment; provided that the
14 guidelines include a provision that states employees will no
15 longer be eligible for the parking cash-out program if they do
16 not comply with the guidelines.

17 (d) The employer shall maintain appropriate evidence of
18 its effort to establish the market rate cost of parking for at
19 least four years. If the amount cannot be established because
20 the parking is unavailable to the public, then an amount for use
21 of a similar parking space within one-quarter mile of the place



1 of employment shall be used; provided that documentation
2 supporting the appropriateness of the cost shall be from within
3 the previous six months and shall be maintained by the employer
4 for at least four years from the time a parking cash-out program
5 offer is made. This documentation may include evidence of a
6 public offer or a listing including price, such as a physical
7 copy, photograph of an advertisement, or a screenshot showing
8 public availability and price within a smartphone parking
9 application.

10 The market rate cost of parking shall be adjusted
11 periodically, unless it is reassessed per the methods provided
12 in this subsection, which employers shall do at least every four
13 years. If the parking used by the employee is not commercially
14 available to the public and there is no commercially available
15 parking within one quarter-mile of the place of employment, then
16 the employer shall document and retain records related to the
17 failed effort to find commercially available parking; provided
18 that the monthly market rate cost of parking shall be at least
19 sixty dollars per month.

20 (e) This section shall not apply to employers with
21 employees who are:



(1) Covered by a collective bargaining agreement that requires the employer to provide the employee subsidized parking, except if the agreement has expired or is extended after the date of enactment of this law; or

(2) Required to operate their own vehicle for employment purposes and who are reimbursed by their employers in accordance with Internal Revenue Service regulations for this use.

(f) This section shall not apply to employers that have, prior to enactment, leased employee parking that prohibits subletting of parking and penalizes the reduction of the number of parking spaces subject to the lease, until the expiration of that lease excluding lease extensions.

(g) The director shall adopt rules pursuant to chapter 91 to implement this section. The rules shall include but not be limited to the following:

(1) Penalties or other mechanisms to ensure than an employer complies with this section; and



(2) Procedures for providing notice to employers that are in violation of this section and for appeal by the employer of any penalty imposed.

(h) For the purposes of this section:

"Director" means the director of transportation.

"Market rate cost of parking" means an amount not less than the cost of parking if the parking were obtained by an individual unaffiliated with the property on which parking is provided or by the employer through a transaction with no special rate due to a property lease.

"Parking cash-out program" includes an employer-funded program under which an employer offers to an employee an allowance equivalent to the parking subsidy that the employer would otherwise pay to provide the employee with a parking space.

"Parking subsidy" means the difference between the market rate cost of parking owned, leased, subsidized, or otherwise paid for by the employer and any cost charged to an employee for use of that parking."

SECTION 3. (a) Beginning one year after the enactment of this Act and every two years thereafter, each covered employer



1 shall submit a report to the department of transportation that
2 includes but is not limited to:

- 3 (A) The total number of employees;
- 4 (B) The number of employees offered a parking benefit;
- 5 (C) The market rate cost of parking;
- 6 (D) The amount, if any, that employees contribute to their
7 parking expenses;
- 8 (E) The number of employees using a parking benefit;
- 9 (F) The number of employees offered a parking cash-out
10 program, separately reporting offers of monthly and
11 daily parking cash-out programs;
- 12 (G) The number of employees accepting the parking cash-out
13 program, separately reporting acceptance of monthly
14 and daily parking cash-out programs; and
- 15 (H) Any other information required by the department of
16 transportation.

17 (b) Beginning fifteen months after enactment and every two
18 years thereafter, the department of transportation shall submit
19 a report to the legislature that includes but is not limited to:

- 20 (1) Aggregate data from the reports required by
21 subsection (a);



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(2) An assessment of how many covered employers have not
filed the report required by subsection (a); and

(3) A description of actions that will be taken to achieve
full compliance with section 1 of this Act.

SECTION 4. The department of transportation shall impose
fines or penalties on applicable employers for violations of
this Act. The fines or penalties shall be not less than the
amount their employees would have been offered from a parking
cash-out program and not more than five times that amount.

SECTION 5. This Act shall take effect on July 1, 2026.

INTRODUCED BY: Karl Rhoads



S.B. NO. 2724

Report Title:

DOT; Parking Cash-out Program

Description:

Requires employers of twenty or more persons to offer a parking cash-out program in place of a parking subsidy and report to the Department of Transportation. Requires the Department of Transportation to report to the Legislature, adopt rules, and impose fines or penalties on violators.

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