

JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



GOV. MSG. NO. 1340

EXECUTIVE CHAMBERS  
KE KE'ENA O KE KIA'ĀINA

July 13, 2026

The Honorable Ronald D. Kouchi  
President of the Senate,  
and Members of the Senate  
Thirty-Third State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Nadine K. Nakamura  
Speaker, and Members of the  
House of Representatives  
Thirty-Third State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

Aloha President Kouchi, Speaker Nakamura, and Members of the Legislature:

This is to inform you that on July 13, 2026, the following bill was signed into law:

H.B. NO. 1785, H.D. 1, S.D. 1,  
C.D. 1

RELATING TO STUDENT TRANSPORTATION.  
**ACT 238**

Mahalo,

A handwritten signature in black ink that reads "Josh Green M.D.".

Josh Green, M.D.  
Governor, State of Hawai'i

on JUL 13 2026

HOUSE OF REPRESENTATIVES  
THIRTY-THIRD LEGISLATURE, 2026  
STATE OF HAWAII

ACT 238

H.B. NO. 1785  
H.D. 1  
S.D. 1  
C.D. 1

## A BILL FOR AN ACT

RELATING TO STUDENT TRANSPORTATION.

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

1 SECTION 1. The legislature finds that, while the number of  
2 school bus drivers has increased since the governor's August 2,  
3 2024, emergency proclamation relating to school bus services,  
4 the department of education continues to experience a school bus  
5 driver shortage.

6 The legislature further finds that some school bus  
7 contractors enter into contracts but are later unable to provide  
8 transportation for all contracted routes. Under existing law,  
9 the department of education cannot simply cancel or reassign the  
10 unfulfilled portion of the contract. This leaves students  
11 without access to school transportation.

12 The purpose of this Act is to provide the department of  
13 education with flexibility to remove or suspend portions of  
14 school bus contracts if the contractor does not provide services  
15 for five or more instructional days, subject to approval by the  
16 superintendent.



SECTION 2. Chapter 302A, Hawaii Revised Statutes, is amended by adding a new section to part II, subpart C, to be appropriately designated and to read as follows:

**"§302A- Student transportation contracts; failure to provide service.** (a) Notwithstanding any law to the contrary, when a contractor under a student transportation contract with the department fails to provide service on a contracted service capacity or designated service segment for five or more consecutive instructional days, the superintendent may temporarily suspend or remove the designated service segment or segments from the contract.

(b) The superintendent may specify conditions and timelines for, and other limitations on, the suspension or removal of a contracted service capacity or designated service segment, as deemed necessary to protect the public interest.

(c) In addition to subsection (a), the superintendent may enter into an interim agreement with another qualified carrier to provide transportation for the contracted service capacity or capacities, or designated service segment or segments.



1        (d) Any interim agreement executed pursuant to this  
2        section shall be conducted as an emergency procurement pursuant  
3        to section 103D-307; provided that:

4        (1) The agreement shall be limited to the scope of the  
5        suspended or removed contracted service capacity or  
6        capacities, or designated service segment or segments;

7        (2) The agreement shall not exceed twelve months in  
8        duration or the remainder of the school year,  
9        whichever is less; and

10       (3) The department shall ensure compliance with all  
11       applicable student safety standards.

12       (e) The department shall complete a competitive  
13       procurement under chapter 103D for a permanent replacement  
14       service within twelve months of executing an interim agreement  
15       under subsection (d).

16       (f) Pursuant to the remedies for contractor non-  
17       performance established in chapter 103D and applicable  
18       administrative rules, the department may assess a financial  
19       penalty against any contractor that fails to provide service on  
20       a contracted service capacity or designated service segment  
21       without an approved justification. The penalty may be up to one



hundred per cent of the daily contract rate or liquidated damages equal to the reasonable cost of replacement transportation services, whichever is greater, for each day the service is unfulfilled. Collected penalties shall be deposited into the school bus fare revolving fund under section 302A-407.5 and may be expended to offset costs associated with procuring replacement transportation services.

(g) The suspension or removal of a contracted service capacity or designated service segment under this section shall be deemed a termination for default in part pursuant to chapter 103D and applicable administrative rules.

(h) The removal or suspension of a contracted service capacity or designated service segment under this section, and the execution of an interim agreement, shall not otherwise affect the validity or enforceability of the remaining portions of the contract."

SECTION 3. Section 302A-407.5, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) Except as otherwise provided by the legislature, moneys in the school bus fare revolving fund shall be used ~~[for]~~:"



1        (1) For school busing services, as authorized by section  
2                    302A-406[-]; and

3        (2) To offset costs associated with procuring replacement  
4                    services for a student transportation contract under  
5                    section 302A-     ."

6        SECTION 4. All requests for proposals issued by the  
7 department of education for student transportation services, and  
8 all contracts executed by the department of education for  
9 student transportation services, after the effective date of  
10 this Act, shall specifically reference section 302A-     , Hawaii  
11 Revised Statutes.

12        SECTION 5. This Act does not affect rights and duties that  
13 matured, penalties that were incurred, and proceedings that were  
14 begun before its effective date.

15        SECTION 6. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17        SECTION 7. This Act shall take effect upon its approval.



H.B. NO. 1785  
H.D. 1  
S.D. 1  
C.D. 1

APPROVED this 13th day of July, 2026

A handwritten signature in black ink, appearing to read "Josh Green". The signature is fluid and cursive, with the first name "Josh" and last name "Green" clearly distinguishable.

GOVERNOR OF THE STATE OF HAWAII

HB No. 1785, HD 1, SD 1, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 6, 2026  
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-Third Legislature of the State of Hawaii, Regular Session of 2026.



Nadine K. Nakamura  
Speaker  
House of Representatives



Brian L. Takeshita  
Chief Clerk  
House of Representatives

**THE SENATE OF THE STATE OF HAWAI‘I**

Date: May 6, 2026  
Honolulu, Hawai‘i 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate  
of the Thirty-Third Legislature of the State of Hawai‘i, Regular Session of 2026.

  
President of the Senate

  
Clerk of the Senate