
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 subsidized 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 subsidized 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
13 subsidized youth transit programs, which have resulted in
14 millions of subsidized trips, greater independence for youth,
15 measurable progress toward state emissions reduction goals, and
16 financial relief for families. In Hawaii, however, varying
17 eligibility requirements and administrative processes create
18 burdens for families and limit program effectiveness.

19 The legislature believes that a universal subsidized
20 transit program for all children through high school age would
21 eliminate 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
5 Revised Statutes. Increased public transit use will also move
6 the State closer to realizing zero emissions from
7 transportation, the goal established in section 225P-8, Hawaii
8 Revised Statutes.

9 The legislature recognizes that in October 2025, the
10 department of transportation published its "Energy Security and
11 Waste Reduction Plan", which fulfills a requirement of the
12 landmark settlement agreement in Navahine F. v. Department of
13 Transportation (Hawaii Cir. Ct. 2024). The plan identifies
14 actions the State can take to meet its legal mandates to
15 decarbonize the statewide transportation system. These actions
16 include providing increased transit access as an equitable
17 transportation option, especially for disadvantaged and rural
18 communities.

19 The legislature finds that providing state-supported
20 subsidized youth transit, which will offer broad public benefits
21 through increased affordability, equity, safety, health, and



1 carbon emissions reduction, is directly relevant to the State's
2 environmental goals and an appropriate use of funds from the
3 environmental response, energy, and food security tax under
4 section 243-3.5, Hawaii Revised Statutes.

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

17 The legislature concludes that the expected benefits from
18 increasing youth access to equitable and affordable
19 transportation through subsidized youth transit are:



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

16 Accordingly, the purpose of this Act is to:

- 17 (1) Establish within the department of transportation a
18 subsidized youth transit program, to be coordinated
19 with the counties;
- 20 (2) Establish a subsidized youth transit program special
21 fund;



- 1 (3) Require biannual evaluations of the new program and
- 2 special fund;
- 3 (4) Allocate moneys from the environmental response,
- 4 energy, and food security tax to the subsidized youth
- 5 transit program special fund; and
- 6 (5) Appropriate moneys into and out of the subsidized
- 7 youth transit program special fund.

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

11 **"CHAPTER**

12 **SUBSIDIZED YOUTH TRANSIT PROGRAM**

13 § -1 **Definitions.** As used in this chapter, unless the
 14 context otherwise requires:

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

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

19 "Department" means the department of transportation.

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



1 "Program" means the subsidized youth transit program
2 established by this chapter.

3 "Youth" means an individual from birth to senior year of
4 high school who is a resident of the State. "Youth" may include
5 individuals eighteen years of age or older.

6 "Youth accompanying aide" means a person assisting a youth
7 with disabilities.

8 "Youth with disabilities" means a youth having a disability
9 as that term is defined under section 515-2.

10 § -2 Program; established. (a) There is established
11 within the department a subsidized youth transit program. The
12 program shall, in coordination with the counties, provide
13 subsidized county transit services to all youth who are
14 residents of the State, guardians, and youth accompanying aides;
15 provided that in years where funding is insufficient to provide
16 access to all youth, guardians, and youth accompanying aides,
17 the department shall prioritize eligibility as follows:

18 (1) Youth who demonstrate financial or social needs
19 pursuant to subsection (b) and youth with
20 disabilities;

21 (2) All youth; and



1 (3) Guardians and youth accompanying aides; provided that
2 no more than one youth accompanying aide may receive a
3 subsidized fare for each youth with disabilities for
4 any ride.

5 (b) Youth who demonstrate financial or social need shall
6 include youth:

7 (1) From households receiving public assistance;

8 (2) Residing in public or subsidized housing;

9 (3) In foster care or guardianship arrangements;

10 (4) Who qualify for free or reduced-price school meals
11 under the National School Lunch Program;

12 (5) Who attend public schools that receive Title I
13 funding; and

14 (6) From single-parent households within an income
15 threshold tied to the federal poverty level, as
16 adjusted for Hawaii.

17 (c) The department shall coordinate with the counties and
18 evaluate at least biannually the program's:

19 (1) Impact on ridership; costs and savings to families;
20 costs and other impacts to counties; transportation



1 equity, including disadvantaged and rural communities;
2 and safety; and

3 (2) Alignment with state environmental goals.

4 (d) The department may adopt rules to establish
5 verification procedures, coordinate interagency eligibility
6 confirmation, expand eligibility under special circumstances,
7 and prevent misuse or duplicate enrollment in the program.

8 (e) The department may consult with the department of
9 education for best practices for the purposes of implementation,
10 including verifying eligibility, and expansion of the subsidized
11 youth transit program.

12 **§ -3 Subsidized youth transit program special fund. (a)**

13 There is established within the state treasury a subsidized
14 youth transit program special fund.

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

16 (1) The portion of the environmental response, energy, and
17 food security tax specified under section 243-

18 3.5(a)(6);

19 (2) Moneys appropriated to the fund by the legislature;

20 and



1 (3) Investment earnings, gifts, donations, or other income
2 received by the department.

3 (c) The director of transportation shall administer the
4 special fund.

5 (d) All moneys deposited into the subsidized youth transit
6 program special fund shall be expended by the department to:

7 (1) Award moneys to county transit agencies to provide
8 subsidized county transit services to eligible riders,
9 as specified under section -2(a); and

10 (2) Cover administrative and program evaluation costs
11 associated with the implementation and operation of
12 the subsidized youth transit program.

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

16 (1) The status, progress, and impact of existing programs
17 and activities and the status and expected impact of
18 new programs and activities funded by the subsidized
19 youth transit program special fund;

20 (2) The spending plan for the subsidized youth transit
21 program special fund;



1 (3) All expenditures of subsidized youth transit program
2 special fund moneys; and

3 (4) The targeted markets of the expenditures, including
4 the reasons for selecting those markets; the persons
5 to be served; and the specific objectives of the
6 expenditures, including measurable outcomes."

7 SECTION 3. Section 243-3.5, Hawaii Revised Statutes, is
8 amended by amending subsections (a) and (b) to read as follows:

9 "(a) In addition to any other taxes provided by law,
10 subject to the exemptions set forth in section 243-7, there is
11 hereby imposed a state environmental response, energy, and food
12 security tax on each barrel or fractional part of a barrel of
13 petroleum product sold by a distributor to any retail dealer or
14 end user of petroleum product, other than a refiner. The tax
15 shall be \$1.05 on each barrel or fractional part of a barrel of
16 petroleum product that is not aviation fuel; provided that of
17 the tax collected pursuant to this subsection:

18 (1) 5 cents of the tax on each barrel shall be deposited
19 into the environmental response revolving fund
20 established under section 128D-2;



- 1 (2) 4 cents of the tax on each barrel shall be deposited
2 into the energy security special fund established
3 under section 201-12.8;
- 4 (3) 5 cents of the tax on each barrel shall be deposited
5 into the energy systems development special fund
6 established under section 304A-2169.1;
- 7 (4) 3 cents of the tax on each barrel shall be deposited
8 into the electric vehicle charging system subaccount
9 established pursuant to section 269-33(e); [~~and~~]
- 10 (5) 3 cents of the tax on each barrel shall be deposited
11 into the hydrogen fueling system subaccount
12 established pursuant to section 269-33(f) [~~-~~]; and
- 13 (6) 38 cents of the tax on each barrel shall be deposited
14 into the subsidized youth transit program special fund
15 established pursuant to section -3.

16 The tax imposed by this subsection shall be paid by the
17 distributor of the petroleum product.

18 (b) In addition to subsection (a), the tax shall also be
19 imposed on each one million British thermal units of fossil fuel
20 sold by a distributor to any retail dealer or end user, other
21 than a refiner, of fossil fuel. The tax shall be 19 cents on



1 each one million British thermal units of fossil fuel; provided
2 that of the tax collected pursuant to this subsection:

3 (1) 4.8 per cent of the tax on each one million British
4 thermal units shall be deposited into the
5 environmental response revolving fund established
6 under section 128D-2;

7 (2) 14.3 per cent of the tax on each one million British
8 thermal units shall be deposited into the energy
9 security special fund established under section
10 201-12.8; [~~and~~]

11 (3) 9.5 per cent of the tax on each one million British
12 thermal units shall be deposited into the energy
13 systems development special fund established under
14 section 304A-2169.1[~~-~~]; and

15 (4) 36.8 per cent of the tax on each one million British
16 thermal units shall be deposited into the subsidized
17 youth transit program special fund established under
18 section -3.

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



1 SECTION 4. The department of transportation shall evaluate
2 the subsidized youth transit program at least biannually for the
3 first two years of its existence and submit a report to the
4 legislature on the program's implementation no later than twenty
5 days prior to the convening of the regular session of 2029. The
6 report shall include:

7 (1) Data on ridership, costs, and administrative
8 challenges; and

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

11 SECTION 5. There is appropriated out of the general
12 revenues of the State the sum of \$ or so much thereof
13 as may be necessary for fiscal year 2026-2027 to be deposited
14 into the subsidized youth transit program special fund.

15 SECTION 6. There is appropriated out of the subsidized
16 youth transit program special fund the sum of \$ or so
17 much thereof as may be necessary for fiscal year 2026-2027 for
18 the purposes of the fund.

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



1 SECTION 7. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 8. This Act shall take effect on July 1, 3000;
4 provided that sections 3, 5 and 6 shall take effect on July 1,
5 2026.



Report Title:

DOT; Subsidized Youth Transit Program; Keiki Ride Free; Public Transit; Special Fund; Appropriation

Description:

Establishes within the Department of Transportation a subsidized youth transit program for youth who are residents of the State, to be coordinated with the counties. Authorizes the Department to adopt rules, expand eligibility, and consult with the Department of Education on best practices, under certain conditions. Establishes the Subsidized Youth Transit Program Special Fund. Requires biannual evaluations of the new program and Special Fund. Allocates funds from the Environmental Response, Energy, and Food Security Tax to the Subsidized Youth Transit Program Special Fund. Appropriates funds into and out of the Subsidized Youth Transit Program Special Fund. Requires reports to the Legislature. Effective 7/1/3000. (HD2)

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