

STAND. COM. REP. NO. 2230

Honolulu, Hawaii

FEB 12 2026

RE: S.B. No. 2691
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred S.B. No. 2691 entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION AFFORDABILITY,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require the Department of Transportation to establish a Clean Vehicle Rebate Program to provide rebates for the purchase or lease of new and used zero-emission vehicles and plug-in hybrid electric vehicles;
- (2) Establish the Clean Vehicle Special Fund; and
- (3) Establish a transportation affordability and energy security tax.

Your Committee received testimony in support of this measure from the Department of Transportation, Hawai'i Climate Change Mitigation and Adaptation Commission, Office of Economic Development of the County of Kaua'i, Earthjustice, Imua Alliance, Ulupono Initiative, Climate Protectors Hawai'i, Carbon Cashback Hawai'i, Our Children's Trust, 350Hawaii.org, Hawai'i Youth Transportation Council, and twenty-six individuals.



Your Committee received testimony in opposition to this measure from one individual.

Your Committee received comments on this measure from the Department of Taxation, Hawai'i State Energy Office, Tax Foundation of Hawaii, and SanHi Government Strategies.

Your Committee finds that low- and moderate-income households, especially in rural areas, are disproportionately affected by the high and rising costs of fossil fuel vehicles. Switching to electric vehicles would save these households thousands of dollars annually. However, these households cannot afford the upfront costs of purchasing an electric vehicle. Your Committee further finds that gasoline consumption by light-duty vehicles alone constitute for almost one quarter of the State's emissions. This measure will establish a rebate program targeted at low- and moderate-income households to allow them to purchase electric light-duty vehicles and benefit from saving on gasoline expenditures while reducing pollution in the State.

Your Committee notes the concerns raised by Earthjustice that this measure in its current form requires simplification and further specification to facilitate the administration of the Clean Vehicle Rebate Program, Clean Vehicle Special Fund, and transportation affordability and energy security tax. Your Committee further notes the concerns raised by the Department of Taxation that requiring the allocation of the transportation affordability and energy security tax to the Clean Vehicle Special Fund creates administrative difficulties and the Department requires sufficient time to make the necessary form, instruction, and system changes required by this measure. Your Committee also notes the concerns raised by the Tax Foundation of Hawaii that this measure, in its current form, excludes trucks, vans, and SUVs from the tax and therefore may encourage consumers to purchase these vehicles instead of electric light-duty vehicles. Your Committee additionally notes the concern raised that the tax imposed by this measure on the gross proceeds light-duty motor vehicles powered solely by gasoline, diesel, or gasoline and diesel blends may shift the cost burden to acquire a more expensive electric vehicle to owners of gasoline- or diesel-powered vehicles. Therefore, amendments to the measure are necessary to address these concerns.



Your Committee has amended this measure by:

- (1) Specifying that the rebate shall be applied to the manufacturer's suggested retail price at the point of sale by participating dealers;
- (2) Deleting language that would have established a requirement for eligible applicants of the rebate program to have a household income of up to two hundred percent of the area median income as determined by the United States Department of Housing and Urban Development;
- (3) Clarifying that rebates offered for used vehicles shall not apply to vehicles that have received a rebate for a new vehicle in the past twenty-four months before the purchase as a used vehicle;
- (4) Deleting language that would have required the Department of Transportation to disclose whether a vehicle has previously received a rebate for a used vehicle purchase or lease upon request by a dealer;
- (5) Increasing the additional rebate offered to purchasers and lessees in low- and moderate-income households from \$1,000 to \$3,000;
- (6) Deleting language that would have allocated revenues from the transportation affordability and energy security tax to the Clean Vehicle Special Fund;
- (7) Deleting language that would have established a transportation affordability and energy security tax;
- (8) Inserting blank appropriations into and out of the Clean Vehicle Special Fund for the Department of Transportation to establish the Clean Vehicle Rebate Program;
- (9) Inserting an effective date of January 1, 2027; and
- (10) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.



Your Committee notes that this measure, as amended, contains unspecified appropriation amounts. Should your Committee on Ways and Means choose to deliberate on this measure, your Committee respectfully requests that it consider inserting the appropriate amounts.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2691, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2691, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Transportation,


LORRAINE R. INOUYE, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Transportation
TRS

Bill / Resolution No.:* SB 2691	Committee Referral: TRS, WAM	Date: 2-5-26		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
INOUYE, Lorraine R. (C)	✓			
ELEFANTE, Brandon J.C. (VC)	✓			
KANUHA, Dru Mamo	✓			
LEE, Chris	✓			
DECORTE, Samantha	✓			
TOTAL	5	0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink File with Committee Report Committee Drafting Agency				

***Only one measure per Record of Votes**