

TAX FOUNDATION OF HAWAII

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SUBJECT: INCOME, GENERAL EXCISE, RENTAL MOTOR VEHICLE, MISCELLANEOUS, Establish Zero-Emissions Rideshare Rebate Program. New rideshare fee. Rebates are exempt from tax.

BILL NUMBER: SB 2995

INTRODUCED BY: LEE, C.

EXECUTIVE SUMMARY: Establishes a Zero-Emissions Rideshare Rebate Program to be administered by the Department of Transportation. Establishes a rideshare fee. Establishes the Zero-Emissions Rideshare Subaccount within the Highway Development Special Fund.

SYNOPSIS: Adds a new section 279J-A for a zero-emissions rideshare rebate program to be administered by the Department of Transportation (Department). The rebate program shall support the purchase or lease of zero-emission vehicles by qualified transportation network company drivers.

Eligible purchase or lease of a zero-emission vehicle shall receive a rebate of not more than \$_____.

The rebate program will be available to transportation network company drivers belonging to low- and moderate-income households.

The Department shall prepare any forms that may be necessary for an applicant's rebate claim and ascertain the validity of the claim and cooperate with participating dealers or retailers to apply the rebate at the point-of-sale.

Rebates issued pursuant to this section shall be subject to available funds.

Rebates received under this section shall not be considered income for the purposes of state or county taxes.

"Low- and moderate-income household" means a household with an income equal to or less than one hundred forty per cent of the area median income as determined by the United States Department of Housing and Urban Development.

"Zero-emission vehicle" has the same meaning as defined in section 196-9.

Adds a new section 279J-B to assess a rideshare fee of an unspecified dollar amount on each prearranged ride levied upon the rider.

Each transportation network company shall collect and remit the rideshare fee to the Department.

All fees collected by the Department under this section shall be deposited into the zero-emissions rideshare subaccount within the highway development special fund pursuant to section 264-122 (e).

Section 3 of the measure establishes within the HRS §264-122 Highway Development Special Fund a zero-emission rideshare subaccount. The Department shall expend moneys in the subaccount for the purposes of funding the zero-emissions rideshare rebate program established pursuant to section 279J-A.

EFFECTIVE DATE: July 1, 2026.

STAFF COMMENTS: The proposal asserts that as the rideshare industry continues to grow, its impacts from the use of fossil fuel vehicles imposes a heavy economic burden on drivers in addition to the environmental costs that come with air pollution and greenhouse gas emissions.

The measure aims to assist transportation network company drivers that qualify as low-or moderate- income to purchase or lease zero emission vehicles and thereby facilitate the decarbonization of the ride share industry.

The incentive program proposes a self-funding model that collects the fee from riders then returns the funds back to the drivers when they buy or lease zero-emission vehicles.

The fee, however, is functionally equivalent to another tax on ride sharing. Ride sharing is already subject to general excise tax and the rental motor vehicle, tour vehicle, and car-sharing vehicle surcharge tax (HRS chapter 251). If this is what is intended, it may be better to amend HRS chapter 251, which is already linked to the Department of Taxation's enforcement tools, than to create a new fee/tax and direct a different department to administer it.

Digested: 2/15/2026



SENATE COMMITTEE ON TRANSPORTATION

Senator Lorraine R. Inouye, Chair
Senator Brandon J.C. Elefante, Vice Chair

TESTIMONY IN SUPPORT OF SENATE BILL 2995

Tuesday, February 17, 2026, 3:00 p.m.
Conference Room 229 & Videoconference
State Capitol
415 South Beretania Street

Aloha Chair Inouye, Vice-Chair Elefante, and Committee Members:

Earthjustice strongly **supports Senate Bill 2995**, “Relating to Transportation,” which establishes a self-funding, revenue-neutral rebate program to help qualified transportation network company (TNC) drivers purchase or lease zero-emission vehicles (ZEVs). The program would charge a small fee on each rideshare trip, which would fund rebates directed toward TNC drivers from low- or moderate-income (LMI) households to enable them to save money and reduce pollution by switching from gas cars to cleaner and more affordable ZEVs.

This program will provide much needed economic relief to these workers, who pay a disproportionate share of their incomes for gas, but could save thousands of dollars per year by switching to ZEVs. The program will also enable TNCs like Uber and Lyft to contribute to reducing their local pollution impacts and climate footprints by collecting this per-ride fee, which will recirculate back to the industry to help modernize their vehicle fleet.

As SB 2995’s preamble notes, a similar program has been implemented in California, which collects a nine-cent fee per ride and thus far has raised \$30 million. This program provides a smart and innovative solution to promote affordability and equity, expand access to clean transportation options, and establish a self-financing model for clean vehicle conversion *without any impact on the state budget*. Particularly given the state’s challenging fiscal outlook, these types of self-funded programs offer a compelling and critical avenue to fund the progress Hawai’i needs to help lower-income families and meet our clean transportation mandates.

Mahalo for the opportunity to testify in support of this bill. Please do not hesitate to contact us with any questions or for further information.

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Managing Attorney
Earthjustice, Mid-Pacific Office