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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. Chapter 235, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4           "§235-           Public transportation subsidization tax credit.

5           (a) There shall be allowed to each individual or corporate  
6 taxpayer who is not claimed, or is not otherwise eligible to be  
7 claimed, as a dependent by another taxpayer for federal or state  
8 income tax purposes, a public transportation subsidization tax  
9 credit that shall be deductible from the taxpayer's net income  
10 tax liability imposed by this chapter for the taxable year in  
11 which the tax credit is properly claimed.

12           (b) To qualify for the tax credit, the taxpayer shall be  
13 an employer having a place of business in any county in the  
14 State having a population of seven hundred thousand or more.

15           (c) The amount of the tax credit shall be equal to the  
16 amount spent by the taxpayer during the taxable year to purchase



1 fares or passes for the employer's employees to use public  
2 transportation.

3 (d) If the tax credit under this section exceeds the  
4 taxpayer's income tax liability, the excess of the credit over  
5 liability may be used as a credit against the taxpayer's income  
6 tax liability in subsequent years until exhausted.

7 All claims for the tax credit under this section, including  
8 amended claims, shall be filed on or before the end of the  
9 twelfth month following the close of the taxable year for which  
10 the tax credit may be claimed. Failure to meet the filing  
11 requirements of this subsection shall constitute a waiver of the  
12 right to claim the tax credit.

13 (e) The director of taxation:

14 (1) Shall prepare any forms that may be necessary to claim  
15 a tax credit under this section;

16 (2) May require the taxpayer to furnish reasonable  
17 information to ascertain the validity of the claim for  
18 the tax credit made under this section; and

19 (3) May adopt rules under chapter 91 necessary to  
20 effectuate the purposes of this section.



1        (f) The tax credit authorized under this section shall not  
2 be available for taxable years beginning after December 31,  
3 2029.

4        (g) The director of taxation shall submit to the  
5 legislature reports regarding the tax credit authorized under  
6 this section. Each report shall be submitted twenty days prior  
7 to the convening of the 2027, 2028, 2029, and 2030 regular  
8 sessions. Each report shall include, at minimum:

9        (1) The number and value of the credits granted under this  
10 section for the prior calendar year;

11        (2) The total number and value of the credits granted  
12 under this section since the enactment of this  
13 section;

14        (3) The impact of the tax credit authorized under this  
15 section; and

16        (4) A recommendation whether the State should continue to  
17 authorize the tax credit under this section.

18        (h) For the purposes of this section, "public  
19 transportation" means any mass transportation program that is:

20        (1) Open to the general public;

21        (2) Operated or contracted by the State or a county; and



1        (3) Operated within a county having a population of seven  
2        hundred thousand or more."

3        SECTION 2. New statutory material is underscored.

4        SECTION 3. This Act, upon its approval, shall apply to  
5 taxable years beginning after December 31, 2024.

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INTRODUCED BY: \_\_\_\_\_

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# S.B. NO. 970

**Report Title:**

Tax Credit; Businesses; Employees; Public Transportation;  
Legislature; Reports

**Description:**

Authorizes a tax credit for businesses that pay the public transportation costs of employees. Applies to counties having populations of 700,000 or more. Applies for taxable years beginning after 12/31/2024 but not beginning after 12/31/2029. Requires reports to the Legislature.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

