STAND. COM. REP. NO. 770 -24

Honolulu, Hawaii

FEB 14 , 2024

RE: H.B. No. 2767 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-Second State Legislature Regular Session of 2024 State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 2767 entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE FUEL,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Increase the dollar amount of the renewable fuels production tax credit;
- (2) Change the maximum amount of tax credit that can be claimed by a taxpayer to \$60,000,000;
- (3) Establish an additional tax credit for renewable fuels produced with lifecycle greenhouse gas emissions at least seventy-five percent below that of fossil fuels;
- (4) Reset taxpayer's ability to claim credits, if they already claimed credits, for taxable years beginning after December 31, 2023; and
- (5) Increase the maximum total amount of tax credits allowed for all eligible taxpayers in a calendar year.

Your Committee received testimony in support of this measure from Pono Pacific; Par Hawaii; Hawaii Forest Industry Association; Pacific Biodiesel; and Hawaii Farm Bureau. Your Committee received comments on this measure from the Department of the Attorney General; Department of Taxation; Hawaii State Energy Office; Biotechnology Innovation Organization; Tax Foundation of Hawaii; Airlines for America; Hawaiian Airlines; and Life of the Land.

Your Committee finds that the State must incentivize the production of locally sourced, firm renewable energy in order to meet its renewable portfolio standards. This measure would address this need by increasing the dollar amount of the renewable fuel production tax credit and establishing additional tax credits for certain renewable fuel production practices.

Your Committee has amended this measure by:

- (1) Extending the credit period from ten to twenty years;
- (2) Changing the additional tax credit for the production of certain renewable fuels to a tax credit for the production of sustainable aviation fuel and adding a definition for "sustainable aviation fuel";
- (3) Changing the eligibility requirements for the renewable fuels production tax credit;
- (4) Changing the maximum total amount of tax credits allowed for all eligible taxpayers in a calendar year to an unspecified amount;
- (5) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2767, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2767, H.D. 1, and be referred to your Committee on Finance.

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Respectfully submitted on behalf of the members of the Committee on Energy & Environmental Protection,

NICOLE E. LOWEN, Chair

State of Hawaii House of Representatives The Thirty-second Legislature

HSLR 340.84

Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.:	Committee Referral:	Dat	e: 2/8	124
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. LOWEN, Nicole E. (C)	V			
			HANNE	
2. COCHRAN, Elle (VC)		2,000		
3. GATES, Cedric Asuega	V			
4. KAHALOA, Kirstin				
5 DEPOLICO AA				
5. PERRUSO, Amy A.				
6. WOODSON, Justin H.				
7. WARD, Gene				_
				
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TOTAL (7)	4			1
The recommendation is: Adopted If joint referral, commendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				