

STAND. COM. REP. NO.

88

Honolulu, Hawaii

FEB 04

, 2025

RE: H.B. No. 976  
H.D. 1

Honorable Nadine K. Nakamura  
Speaker, House of Representatives  
Thirty-Third State Legislature  
Regular Session of 2025  
State of Hawaii

Madame:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 976 entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish a temporary Sustainable Aviation Fuel Import Income Tax Credit; and
- (2) Amend the Renewable Fuels Production Tax Credit by:
  - (A) Increasing the tax credit rate;
  - (B) Repealing the cap on claimable credits per taxpayer per taxable year and increasing the cap on total claimable credits for all eligible taxpayers per calendar year;
  - (C) Specifying that the credit may be claimed for fuels with lifecycle greenhouse gas emissions and product transportation emissions below certain thresholds;
  - (D) Repealing the prohibition on claiming other credits for the cost incurred to produce renewable fuels;

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- (E) Adding credit values for low lifecycle emissions renewable fuels and sustainable aviation fuels produced;
- (F) Allowing a taxpayer who previously claimed a credit to claim another one for taxable years beginning after December 31, 2024; and
- (G) Amending the required information in the certified statement for the credit.

Your Committee received testimony in support of this measure from the Department of Transportation; Environmental Caucus of the Democratic Party of Hawai'i; Life of the Land; Climate Protectors Hawai'i; Hawai'i Renewable Fuels Coalition; Pono Pacific; Alaska Airlines and Hawaiian Airlines; Par Hawaii; Hawai'i Farm Bureau; Coalition Earth; Pacific Biodiesel Technologies; Airlines for America; Twelve; and two individuals. Your Committee received testimony in opposition to this measure from Americans for Democratic Action, Hawaii Chapter; Energy Justice Network; and four individuals. Your Committee received comments on this measure from the Department of Taxation; Hawaii State Energy Office; Tax Foundation of Hawaii; and Hawai'i Natural Energy Institute.

Your Committee finds that encouraging increased sustainable aviation fuel production will help the State decrease its dependence on fossil fuels. This measure addresses this need by establishing a temporary Sustainable Aviation Fuel Import Income Tax Credit and amending the Renewable Fuels Production Tax Credit by increasing the credit rate, repealing the cap on claimable credits per year, adding additional credit values, and allowing a taxpayers who previously claimed the credit to claim another.

Your Committee has amended this measure by:

- (1) Deleting the process by which a taxpayer may elect to receive a refund of credits in excess of payments due;
- (2) Changing the total amount of credits allowed under the Sustainable Aviation Fuel Import Income Tax Credit and Renewable Fuels Production Tax Credit to unspecified amounts;





- (3) Amending the Renewable Fuels Production Tax Credit by:
  - (A) Reverting to the existing statutory prohibition on claiming other credits for the costs incurred to produce renewable fuels;
  - (B) Establishing a cap on the total aggregate amount of additional credit value for sustainable aviation fuel in any year;
  - (C) Amending the credit period to be for a maximum period of ten consecutive years beginning from the effective date of this measure; and
  - (D) Narrowing the definition of "lifecycle greenhouse gas emissions" by deleting carbon offsetting and reduction scheme for international aviation from the methodologies used to calculate attributional core lifecycle greenhouse gas emissions;
- (4) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (5) 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. 976, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 976, H.D. 1, and be referred to your Committee on Economic Development & Technology.



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

*Nicole E. Lowen*

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NICOLE E. LOWEN, Chair



**Record of Votes of the Committee on Energy & Environmental Protection**

Bill/Resolution No.: <b>HB976</b>	Committee Referral: <b>EEP, ECD, FIN</b>	Date: <b>1/28/25</b>
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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)	✓			
2. PERRUSO, Amy A. (VC)	✓			
3. KAHALOA, Kirstin	✓			
4. KUSCH, Matthias	✓			
5. QUINLAN, Sean				✓
6. WARD, Gene				✓
<b>TOTAL (6)</b>	<b>4</b>			<b>2</b>

The recommendation is:     Adopted     Not Adopted  
 If joint referral, \_\_\_\_\_ did not support recommendation.  
(committee acronym(s))

Vice Chair's or designee's signature: *Amy Perruso*

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