

Honolulu, Hawaii
FEB 09 , 2026

RE: H.B. No. 1694
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Transportation, to which was referred H.B. No. 1694 entitled:

"A BILL FOR AN ACT RELATING TO SUSTAINABLE AVIATION FUEL TAX CREDIT,"

begs leave to report as follows:

The purpose of this measure is to establish a temporary sustainable aviation fuel income tax credit to reduce greenhouse gas emissions, including annual reporting requirements regarding the distribution of sustainable aviation fuel in the State.

Your Committee received testimony in support of this measure from Alaska Airlines and Hawaiian Airlines; Imua Alliance; Pono Pacific; Kohala Coast Resort Association; Hawaii Food Industry Association; Hawai'i Farm Bureau; Par Hawaii; Kapolei Chamber of Commerce; Hawai'i Renewable Fuels Coalition; Airlines Committee of Hawaii; Airlines for America; and Simonpietri Enterprises LLC. Your Committee received testimony in opposition to this measure from the Energy Justice Network and one individual. Your Committee received comments on this measure from the Department of Taxation; Life of the Land; Tax Foundation of Hawaii; and Island Energy Services.

Your Committee finds that the aviation sector is a major contributor to the State's greenhouse gas emissions and that



reducing carbon output in this sector is critical to achieving Hawaii's climate goals. Sustainable aviation fuel offers a lower-emissions alternative to conventional jet fuel, but adoption has been hindered by limited distribution and high costs. This measure addresses those barriers by establishing a tax credit for the sale and distribution of sustainable aviation fuel that meets lifecycle greenhouse gas emissions reduction thresholds, which supports economic development and advances Hawaii's transition to a more sustainable energy future.

Your Committee has amended this measure by:

- (1) Increasing the deadline that a taxpayer may claim the income tax credit from thirty to forty-five days following the close of the calendar year;
- (2) Increasing the deadline that the Department of Transportation has to issue a certificate to the taxpayer from thirty to forty-five days;
- (3) Applying the tax credit to taxable years beginning after December 31, 2026, rather than December 31, 2025; and
- (4) Changing the effective date to July 1, 3000, to encourage further discussion.

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 H.B. No. 1694, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1694, H.D. 1, and be referred to your Committee on Energy & Environmental Protection.



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



DARIUS KILA, Chair



Record of Votes of the Committee on Transportation

Bill/Resolution No.:	Committee Referral:	Date:		
HB 1694	TRN, EEP, FIN	FEB 05, 2026		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
TRN Members	Ayes	Ayes (WR)	Nays	Excused
1. KILA, Darius K. (C)	✓			
2. MIYAKE, Tyson K. (VC)	✓			
3. COCHRAN, Elle	✓			
4. EVSLIN, Luke A.	✓			
5. GRANDINETTI, Tina Nakada	✓			
6. KITAGAWA, Lisa	✓			
7. LA CHICA, Trish	✓			
8. MURAOKA, Christopher L.		✓		
9. PIERICK, Elijah				✓
TOTAL (9)	1	1	0	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <u>Tyson Miyake</u>				
Distribution: Original (White) – Committee		Duplicate (Yellow) – Chief Clerk's Office		Duplicate (Pink) – HMSO