

Honolulu, Hawaii

FEB 18 , 2026

RE: H.B. No. 1617
H.D. 1

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

Madame:

Your Committees on Energy & Environmental Protection and
Agriculture & Food Systems, to which was referred H.B. No. 1617
entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose of this measure is to:

- (1) Reestablish the Agricultural Development and Food Security Special Fund;
- (2) Rename the Environmental Response, Energy, and Food Security Tax, also known as the barrel tax, as the Environmental Response, Energy, Carbon Emissions, and Food Security Tax; gradually increase barrel tax rates; and allocate portions of barrel tax revenues to the Agricultural Development and Food Security Special Fund, Carbon Emissions Tax and Dividend Special Fund, Airport Revenue Fund, and Boating Special Fund;
- (3) Establish a refundable Carbon Cashback Tax Credit and appropriate funds to the Department of Taxation to administer the tax credit;



- (4) Establish the Carbon Emissions Tax and Dividend Special Fund to be used in the administration of the barrel tax and Carbon Cashback Tax Credit and for public awareness of the Carbon Cashback Tax Credit; and
- (5) Require the Department of Taxation to submit reports to the Legislature.

Your Committees received testimony in support of this measure from the Department of Agriculture and Biosecurity; Hawaii Climate Change Mitigation and Adaptation Commission; Citizens' Climate Lobby Hawaii; Climate Future Forum; Kauai Climate Action Coalition; Imua Alliance; Carbon Cashback Hawai'i; The Nature Conservancy- Hawai'i and Palmyra; Women Organizing for Change in Agriculture and Natural Resource Management; Climate Protectors Hawai'i; and numerous individuals. Your Committees received testimony in opposition to this measure from Greenpeace Hawaii; Kaua'i Island Utility Cooperative; and Grassroot Institute of Hawaii. Your Committees received comments on this measure from the Department of Taxation; Department of the Attorney General; Hawai'i Farm Bureau; and Tax Foundation of Hawaii.

Your Committees find that increasing the barrel tax in a predictable, phased manner is a cost-effective strategy to reduce fossil fuel use and greenhouse gas emissions, consistent with the State's clean-economy goals. Your Committees further find that returning most of the resulting revenue to Hawaii residents through a refundable Carbon Cashback Tax Credit will help mitigate consumer cost impacts and provide net financial benefits to most households. This measure seeks to support the environmental goals of the State by increasing the barrel tax, using a portion of revenues to improve food security and for other uses, and distributing most of the new tax revenues back to taxpayers through refundable income tax credits.

Your Committees have amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.



As affirmed by the records of votes of the members of your Committees on Energy & Environmental Protection and Agriculture & Food Systems that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1617, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1617, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Energy &
Environmental Protection and
Agriculture & Food Systems,



CORY CHUN, Chair



NICOLE E. LOWEN, Chair



