

STAND. COM. REP. NO. 721 -26

Honolulu, Hawaii

FEB 20 , 2026

RE: H.B. No. 1694
H.D. 2

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

Madame:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 1694, H.D. 1, 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 sustainable aviation fuel tax credit to encourage the production and distribution of sustainable aviation fuel within the State.

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

Your Committee finds that transportation is the State's largest source of lifecycle greenhouse gas emissions, and the

2026-1731 HB1694 HD2 HSCR HMSO



tourism industry is the State's largest economic driver and biggest transportation sector consumer. Your Committee further finds that the State must explore alternative fuel options to help reduce greenhouse gas emissions and promote a green transportation sector. Your Committee recognizes that sustainable aviation fuel, although not an ideal long-term fuel source, offers a better alternative to traditional aviation fuel. Your Committee finds that by creating a tax incentive to produce and distribute sustainable aviation fuel, this measure promotes cleaner energy alternatives and supports economic development.

Your Committee has amended this measure by:

- (1) Prohibiting other tax credits from being claimed for the same sustainable aviation fuel used to claim the sustainable aviation fuel tax credit; and
- (2) 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. 1694, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 1694, H.D. 2.

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



NICOLE E. LOWEN, Chair



Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: <i>HB 1694 HD1</i>	Committee Referral: <i>TRN, EEP, FIN</i>	Date: <i>2/19/26</i>
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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. CHUN, Cory M.	✓			
4. KAHALOA, Kirstin	✓			
5. KUSCH, Matthias	✓			
6. QUINLAN, Sean	✓			
7. MATSUMOTO, Lauren	✓			
TOTAL (7)	<i>7</i>			

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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