

STAND. COM. REP. NO. 722-26

Honolulu, Hawaii

FEB 20 , 2026

RE: H.B. No. 1695
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. 1695, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to amend the renewable fuels production tax credit by:

- (1) Increasing the credit amount and allowing only fuels that meet certain emissions thresholds to be eligible for the credit;
- (2) Offering additional credit values for low lifecycle emissions renewable fuels and sustainable aviation fuel;
- (3) Reopening the credit period during which taxpayers who previously claimed a credit may claim an additional credit;
- (4) Amending various credit cap amounts and the distribution process for available credits; and
- (5) Expanding the types of feedstocks that can be used to produce renewable fuels eligible for credits.



Your Committee received testimony in support of this measure from the Department of Transportation; Kohala Coast Resort Association; Alaska Airlines and Hawaiian Airlines; Pono Pacific; Hawai'i Farm Bureau; Par Hawaii; Hawai'i Renewable Fuels Coalition; Hawaii Transportation Association; Pacific Biodiesel Technologies; Simonpietri Enterprises LLC; Life of the Land; and one individual. Your Committee received testimony in opposition to this measure from Energy Justice Network; Environmental Caucus of the Democratic Party of Hawai'i; and three individuals. Your Committee received comments on this measure from the Department of Taxation; Hawaii State Energy Office; Island Energy Services, LLC; and Tax Foundation of Hawaii.

Your Committee finds that the transportation sector is the single largest contributor to greenhouse gas emissions in Hawaii, accounting for forty-eight percent of statewide emissions. Your Committee further finds that renewable fuels, including sustainable aviation fuels, offer a cleaner, more sustainable option for Hawaii's transportation sector. Your Committee recognizes that renewable fuels are expensive to produce and that sustainable aviation fuel remains several times more expensive than conventional fuels. Your Committee believes that the State must encourage the financial viability of these fuels and that the Renewable Fuels Production Tax Credit is the proper mechanism to achieve this. This measure seeks to promote a green transportation sector by expanding the Renewable Fuels Production Tax Credit.

Your Committee has amended this measure by:

- (1) Reinstating a provision establishing a maximum amount of the tax credit that can be claimed by a taxpayer and changing it to an unspecified amount;
- (2) Specifying that taxpayers who previously claimed a tax credit for a single credit period for taxable years beginning before January 1, 2027, may claim another credit for taxable years beginning after December 31, 2026;
- (3) Reinstating language requiring the Hawaii State Energy Office to provide taxpayers with a determination of whether qualified fuel produced meets certain greenhouse



gas emissions requirements and amending the requirements to include meeting certain thresholds;

- (4) Reinstating a provision requiring the Hawaii State Energy Office to discontinue issuing certifications upon reaching the program cap and notify the Department of Taxation;
- (5) Amending the definitions of "feedstock transportation emissions threshold", "product transportation emissions threshold", and "renewable fuels" and removing the definition of "single producer cap"; 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. 1695, 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. 1695, 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.: HB 1695 HDI	Committee Referral: TRN, EEP, FIN	Date: 2/19/26
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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)	7			

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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