

STAND. COM. REP. NO.

3187

Honolulu, Hawaii

MAR 25 2026

RE: H.B. No. 1695
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committees on Energy and Intergovernmental Affairs and Agriculture and Environment, to which was referred H.B. No. 1695, H.D. 2, entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to expand the provisions of the Renewable Fuels Production Tax Credit.

Your Committees received testimony in support of this measure from the Department of Transportation, Kohala Coast Resort Association, Hawaii Transportation Association, Airlines for America, Hawai'i Farm Bureau, Pacific Biodiesel Technologies, Pono Pacific, Alaskan Airlines, Hawaiian Airlines, Maui Chamber of Commerce, Par Hawaii, Hawai'i Renewable Fuels Coalition, and Kapolei Chamber of Commerce.

Your Committees received testimony in opposition to this measure from the Energy Justice Network and six individuals.

Your Committees received comments on this measure from the Department of Taxation; Hawaii State Energy Office; Island Energy Services, LLC; Tax Foundation of Hawaii; and one individual.



Your Committees find that the State remains the most petroleum-dependent state in the nation, with the majority of transportation fuels imported across long supply chains vulnerable to disruption, price volatility, and geopolitical risk. Expanding the Renewable Fuels Production Tax Credit directly advances in-state fuel production capacity while reducing exposure to global oil market shocks and maintaining a greater supply chain resilience during emergencies. This measure strengthens the policy framework necessary to attract investment, build local production capacity, and ensure that lower-carbon fuels are available in the State's market.

Your Committees note that current production of local sustainable aviation fuel and biofuel feedstocks cannot meet the demand that is required to transition the State away from traditional aviation fuel. Should your Committee on Ways and Means choose to deliberate on this measure, your Committees respectfully request that it consider what other local entities may contribute to the production of sustainable aviation fuels in the State.

Your Committees have amended this measure by:

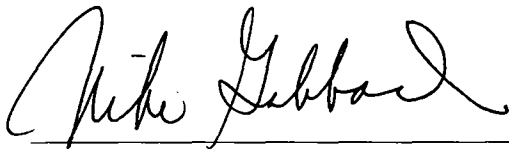
- (1) Clarifying that the Renewable Fuels Production Tax Credit shall only be claimed by taxpayers for which qualified renewable fuels production costs are incurred within the State and sold for distribution within the State;
- (2) Changing the maximum amount a taxpayer can claim per calendar year from an unspecified amount to \$7,000,000;
- (3) Deleting language that would have allowed a taxpayer to use the Renewable Fuels Production Tax Credit against the taxpayer's net income tax liability in subsequent years until exhausted if the credit exceeded the taxpayer's net income tax liability;
- (4) Inserting language to define the term "qualified renewable fuel production costs";



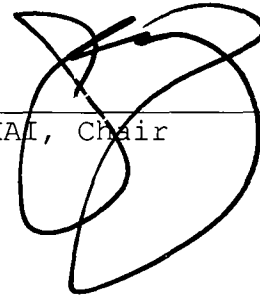
- (5) Delaying the application of the amendments made to the Renewable Fuels Production Tax Credit to taxable years beginning after December 31, 2026;
- (6) Amending section 1 to reflect its amended purpose; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Energy and Intergovernmental Affairs and Agriculture and Environment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1695, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1695, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Energy and
Intergovernmental Affairs and
Agriculture and Environment,



MIKE GABBARD, Chair




GLENN WAKAI, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Energy and Intergovernmental Affairs
EIG

Bill / Resolution No.:* HB1695, HD2	Committee Referral: EIG/AEN, WAM	Date: 3/18/26		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	✓			
CHANG, Stanley (VC)	✓			
DECOITE, Lynn	✓			
RICHARDS, III, Herbert M. "Tim"	✓			
FEVELLA, Kurt		✓		
TOTAL	4	1		
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-size: 2em; font-family: cursive;">  </div>				
Distribution: Original Yellow Pink File with Committee Report Committee Drafting Agency				

*Only one measure per Record of Votes

