

Honolulu, Hawaii

MAR 20 , 2026

RE: S.B. No. 2376
S.D. 2
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 Energy & Environmental Protection, to which was referred S.B. No. 2376, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE RENEWABLE FUELS PRODUCTION TAX CREDIT,"

begs leave to report as follows:

The purpose of this measure is to amend the Renewable Fuels Production Tax Credit by:

- (1) Clarifying that the credit shall only be claimed by taxpayers for which qualified renewable fuels production costs are incurred within the State and sold for distribution in the State;
- (2) Allowing taxpayers to be eligible for a separate ten-year credit period for each separate qualified renewable fuel production that independently meets eligibility requirements;
- (3) Extending the time frame for taxpayers to file an independent third-party statement with the Hawaii State Energy Office and amending the required contents of the statement;



- (4) Requiring the Hawaii State Energy Office to issue a certificate to certain taxpayers stating the amount of credit that the taxpayer is entitled to claim in the subsequent year;
- (5) Clarifying that if the total amount of credits applied for in a particular year exceeds the aggregate cap, the excess shall be treated as having been applied for and claimed in the subsequent year; and
- (6) Requiring certain information collected and compiled by the Hawaii State Energy Office to be treated as confidential and exempt from public disclosure.

Your Committee received testimony in support of this measure from the Department of Transportation; Hawaii Farm Bureau; Hawaii Transportation Association; Life of the Land; Pono Pacific; Hawai'i Renewable Fuels Coalition; Hawaii Clean Power Alliance; Hawai'i Gas; Simonpietri Enterprises LLC; Pacific Biodiesel Technologies; Alaska Airlines and Hawaiian Airlines; and two individuals. Your Committee received testimony in opposition to this measure from the Green Party of Hawai'i; Energy Justice Network; and seven individuals. Your Committee received comments on this measure from the Department of Taxation; Department of the Attorney General; Office of Information Practices; Hawaii State Energy Office; Par Hawaii; Island Energy Services, LLC; and one individual.

Your Committee finds that the Renewable Fuels Production Tax Credit is vital in supporting the development of renewable, cleaner fuels and helping the State meet its environmental goals. Your Committee further finds that the credit could be strengthened to ensure it only incentivizes fuels that meet certain emissions thresholds. Your Committee recognizes the need to further amend the credit to ensure that it comports with the State's climate goals and is allocated to taxpayers in a fair and equitable manner.

Accordingly, your Committee has amended this measure by:

- (1) Increasing the annual dollar amount of the tax credit;



- (2) Removing a provision limiting eligibility to claims by taxpayers for which qualified renewable fuel production costs are incurred within the state;
- (3) Increasing the cap amount for credits claimed by a single taxpayer;
- (4) Limiting the credit to low lifecycle emissions renewable fuels;
- (5) Removing provisions allowing taxpayers to be eligible for each separate qualified renewable fuel production and authorizing certain taxpayers to claim another credit for taxable years beginning after December 31, 2026;
- (6) Reinstating the thirty-day deadline for taxpayers to file an independent third-party statement and amending the required contents of the statement;
- (7) Requiring the Hawaii State Energy Office to provide taxpayers a determination of whether certain emissions thresholds are met and deleting requirements for the Office to issue certain certificates for carryover credits;
- (8) Establishing certain proportional allocation processes to be used when total credit claims exceed the aggregate cap and when total credit claims are lower than the aggregate cap;
- (9) Deleting provisions requiring certain information collected and compiled by the Hawaii State Energy Office to be treated as confidential and exempt from public disclosure;
- (10) Deleting definitions that are no longer necessary and adding and amending various definitions;
- (11) Changing its effective date to July 1, 3000, to encourage further discussion; and
- (12) 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 S.B. No. 2376, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2376, S.D. 2, H.D. 1, and be referred to your Committee on Economic Development & Technology.

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



NICOLE E. LOWEN, Chair



HSCE 1295-26

Record of Votes of the Committee on Energy & Environmental Protection

| | | |
|--|---|-------------------------|
| Bill/Resolution No.: SB 2376 SDA | Committee Referral: EEP, ECD, FIN | Date: 3/19/26 |
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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 | ✓ | | | |
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| TOTAL (7) | 6 | | | 1 |

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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