

STAND. COM. REP. NO. 2452

Honolulu, Hawaii

FEB 19 2026

RE: S.B. No. 2376  
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 S.B. No. 2376 entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) For taxable years beginning January 1, 2026, clarify 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) Allow taxpayers to be eligible for a separate ten-year credit period for each separate qualified renewable fuels production that independently meets eligibility requirements; and
- (3) Extend the time frame for taxpayers to file certain statements with the Hawaii State Energy Office.

Your Committees received testimony in support of this measure from two members of the Honolulu City Council, Par Hawaii, Pacific Biodiesel Technologies, Hawai'i Renewable Fuels Coalition, Pono



Pacific, Hawaii Transportation Association, Hawaii Clean Power Alliance, Hawai'i Gas, Hawai'i Farm Bureau, and two individuals.

Your Committees received comments on this measure from the Department of Taxation; Hawaii State Energy Office; Office of Information Practices; Island Energy Services, LLC; National Environmental Health Association; Tax Foundation of Hawaii; Alaska Airlines; and Hawaiian Airlines.

Your Committees find that electrification of certain transportation sectors, such as large trucking, busing, and boating, can be challenging because of a lack of established and affordable electric vehicle technology. Renewable fuels can bring immediate greenhouse gas emissions reductions for the hard-to-electrify sectors and further support the State's commitment to zero emissions transportation. Your Committees believe that the existing Renewable Fuels Production Tax Credit, which currently can be claimed by in-state and out-of-state producers, should advance the State's energy independence and sustainability goals, rather than subsidize out-of-state activities. By tying eligibility to in-state production and distribution, this measure will support local renewable fuel producers, encourage innovation, and strengthen the State's clean energy economy.

Your Committees acknowledge the concerns raised in testimony by the Department of Taxation that there is a lack of administrative and taxpayer clarity regarding costs and production of renewable fuels that would qualify under the Renewable Fuels Production Tax Credit. Your Committees further acknowledge the Department of Taxation's request for an extended effective date for additional time to prepare form and system updates and to notify taxpayers of changes to the tax credit. Therefore, amendments to this measure are necessary to address these concerns.

Your Committees have amended this measure by:

- (1) Specifying that any taxpayer who claimed the Renewable Fuels Production Tax Credit is ineligible for any other tax credits relating to the same renewable fuels related costs for that taxable year; and

- (2) Clarifying that each separate qualified renewable fuels production shall be located at separate physical sites to qualify for a separate ten-year credit period;
- (3) Inserting language to define the term "qualified renewable fuel production costs";
- (4) Delaying the application of the amendments made to the Renewable Fuels Production Tax Credit to taxable years beginning after December 31, 2026; and
- (5) Inserting an effective date of April 19, 2042, to encourage further discussion.

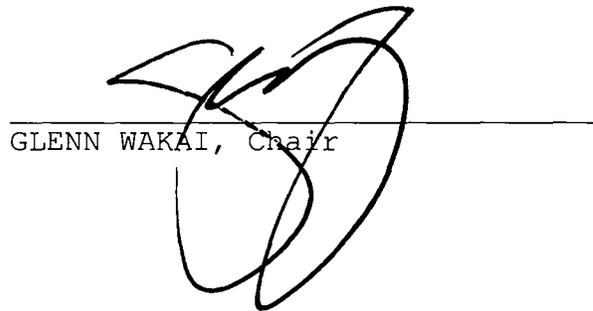
As affirmed by the records of votes of the members of your Committees on Energy and Intergovernmental Affairs and Agriculture and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2376, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2376, 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,



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MIKE GABBARD, Chair



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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.:* <b>SB2376</b>	Committee Referral: <b>EIG/AEN, WAM</b>	Date: <b>2/12/2026</b>		
<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				
<b>Members</b>	<b>Aye</b>	<b>Aye (WR)</b>	<b>Nay</b>	<b>Excused</b>
WAKAI, Glenn (C)	✓			
CHANG, Stanley (VC)	✓			
DECOITE, Lynn				✓
RICHARDS, III, Herbert M. "Tim"	✓			
FEVELLA, Kurt				✓
<b>TOTAL</b>	<b>3</b>			<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink File with Committee Report     Committee     Drafting Agency				

\*Only one measure per Record of Votes

