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March 5, 2026

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON HB 1695, HD2
RELATING TO RENEWABLE FUEL

Conference Room 308 & Videoconference
2:00 PM

Aloha Chair Todd, Vice-Chair Takenouchi, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawaiʻi Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawaiʻi's voice of agriculture to protect, advocate, and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawaiʻi Farm Bureau supports HB 1695, HD2, which expands the provisions of the renewable fuels production tax credit.

Locally grown biofuel feedstocks can provide farmers with additional revenue streams, particularly when grown on marginal or underutilized lands. Many of these crops can function as cover crops, helping improve soil health, reduce erosion, and support sustainable land management practices while producing marketable outputs.

HFB also supports the use of agricultural residues and wastes as renewable fuel feedstocks, as well as the production of value-added byproducts such as animal and aquaculture feed. These integrated systems can strengthen both the agricultural and energy sectors while keeping economic activity within the State.

HB 1695, HD2 provides greater market certainty for renewable fuel production, which is critical for farmers considering whether to invest in new crops or production systems. HFB appreciates that the bill maintains safeguards and credit caps while creating opportunities for agricultural participation in Hawai'i's renewable fuels future.

Thank you for the opportunity to testify.

Par Hawaii

March 5, 2026

TESTIMONY ON HB 1695 HD2
RELATING TO RENEWABLE FUEL

House Committee on Finance
Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair

Thursday, March 5, 2026 at 2:00 p.m.
State Capitol, Conference Room 308

Aloha Chair Todd, Vice Chair Takenouchi, and members of the Committee,

Thank you for the opportunity to provide testimony in **SUPPORT** of HB 1695 HD2, Relating to Renewable Fuel.

My name is Eric Wright and I serve as President of Par Hawaii. Par Hawaii is the largest local supplier of fuels, including various grades of utility fuels, as well as diesel, jet fuel, gasoline and propane.

This measure amends the existing renewable fuels production tax credit statute to provide clear incentives for in-state production of renewable fuel while preserving administrative continuity.

As Hawai‘i’s local producer of transportation fuels, we have invested over $90 million to develop the State’s largest renewable fuels manufacturing facility at our Kapolei refinery, expected to be completed in Q1 of 2026 and to produce approximately 61 million gallons per year of renewable diesel, sustainable aviation fuel, renewable naphtha, and liquefied petroleum gases from renewable feedstocks for Hawai‘i consumers. Strengthening the existing renewable fuels production tax credit will help ensure this investment delivers the greatest possible environmental and economic benefits to Hawai‘i, including lower lifecycle greenhouse gas emissions, support for local agriculture, and retention of skilled refinery jobs in a transitioning clean energy economy.

HB 1695 HD2 is an important tool to advance the State’s net-zero by 2045 goals. By refining the current credit framework, this measure can accelerate implementation and send a clear signal that Hawai‘i is committed to scaling near-term, cost-effective emissions reductions in the transportation sector.

However, the cost to produce these fuels remains significantly higher than the cost of imported crude oil, and financial incentives are required to initiate and sustain production at scale. State tax incentives are essential to accelerating the transition for utilities and for air, ground, and marine transportation into renewable fuels deployment and market adoption.

Par Hawaii

Manufacturers on the U.S. West Coast have successfully brought renewable fuels to market, but only with the support of substantial state-level financial subsidies. Without comparable incentives for renewable fuel production in Hawai‘i, these renewable fuels are likely to be produced locally but shipped to other markets, including the West Coast. With the incentives proposed in HB 1695 HD2, we can help bridge the cost gap with fossil fuels, pass savings on to customers, and build durable demand for these renewable fuels in Hawai‘i.

Over time, the need for incentives should decline as demand increases and economies of scale are realized. We are collaborating with Alaska Airlines and Hawaiian Airlines, Pono Pacific Land Management, several of our utility and transportation customers, and the Hawai‘i Renewable Fuels Coalition and its stakeholders to advance this transition.

Just as thoughtful incentives helped launch the solar and film industries in Hawai‘i, similar support is now needed to advance local renewable fuel production. Hawai‘i has steadily increased its renewable energy portfolio, and incentivizing the growth of local renewable fuel production is critical to accelerating our decarbonization goals.

HB 1695 HD2 is a deliberate, targeted strategy that aligns with the State’s emission reduction commitments.

Thank you for allowing Par Hawaii the opportunity to submit testimony in support.

Hawai'i Renewable Fuels Coalition

March 5, 2026

TESTIMONY IN SUPPORT OF HB 1695 HD2 RELATING TO RENEWABLE FUEL

Aloha Chair Chris Todd, Vice Chair Jenna Takenouchi, and Members of the House Committee on Finance,

My name is Nahelani Parsons, and I am the Executive Director of the Hawai'i Renewable Fuels Coalition (HRFC). On behalf of our coalition members across the energy, agriculture, labor, and transportation sectors, I offer our **strong support for HB1695 HD2 with proposed amendments**, which expands and strengthens the Renewable Fuels Production Tax Credit (RFPTC), a critical tool in our state's clean energy future.

The HRFC is a diverse alliance of stakeholders working to achieve Hawai'i's renewable energy goals. Our founding members include:

- **Hawaiian/Alaska Airlines**: Leaders in adopting Sustainable Aviation Fuel (SAF) to decarbonize the aviation sector.
- **Pono Pacific**: Hawai'i's largest natural resource conservation company, advancing oil crop feedstock cultivation to support renewable fuel production.
- **Par Hawai'i**: The state's largest energy supplier, investing over $100 million in renewable fuel production technology to strengthen energy security and sustainability.

In addition to these partners, HRFC collaborates with:

Pacific Biodiesel, a local producer of biodiesel. The Hawai'i Farm Bureau, representing 1,800 farm families statewide, to support renewable feedstock cultivation and enhance food and energy security. Ranchers, dairy farmers, and conservationists, such as Meadow Gold and Haleakalā Ranch, contributing to Hawai'i's resilience and self-sufficiency. Airlines for America, which advocates for SAF adoption nationwide to reduce aviation emissions.

Hawai'i Renewable Fuels Coalition members:

Airlines for America	Alaska Airlines	Haleakala Ranch
Hawaii Farm Bureau	Hawaii Fuelling Facilities Corp	Hawaiian Airlines
HECO	ITOCHU Corporation	Japan Airlines
Kuilima Farm	Meadow Gold Hawaii	Pacific Biodiesel
Par Hawaii	Pono Pacific	United Steelworkers

HB1695 HD2: A Strategic Climate and Economic Bill

This measure advances Hawai‘i’s response to the Navahine v. HDOT climate settlement by providing the financial mechanism needed to support production of renewable fuels such as sustainable aviation fuel (SAF) and renewable diesel. With the transportation sector contributing nearly half of Hawai‘i’s greenhouse gas emissions, and with aviation fuel consumption exceeding 700 million gallons annually, this bill provides a realistic and scalable pathway to decarbonize transportation while building local economic resilience.

Why This Matters to Hawai‘i

- Hawai‘i will always need to import some fuel. But with HB1695 HD2, we can produce more locally, reduce dependence on volatile global oil markets, and keep energy dollars circulating in our economy.
- SAF and renewable diesel are “drop-in” fuels, requiring no new infrastructure or modifications, making them one of the most impactful near-term tools to reduce emissions from aviation. A tax credit enacted this year would show a measurable reduction in GHG emissions almost immediately.
- This bill is fiscally responsible. While it increases the per-BTU credit to match market realities, it maintains strict environmental standards and includes credit caps to ensure fairness and scalability. These updates are designed to be transitional, helping renewable fuel markets scale, drive costs down over time, and reduce long-term reliance on incentives. This approach mirrors successful clean energy policies that used early investment to unlock competition and affordability.

Support for Local Agriculture & Workforce

HB1695 HD2 encourages use of energy crops like **camelina (related to canola)**, which:

- Grow on underutilized fallow lands (not displacing food crops),
- Require low water and inputs, and
- Serve as cover crops that restore soil health and reduce fire risk.

The bill supports farmers by providing market certainty through the tax credit, similar to how investment in breadfruit (‘ulu) enabled a thriving local industry after a decade of commitment. The credit must come first; farmers need to see the system working before dedicating acreage.

- **Job Creation and Equity.** This bill promotes good, local jobs across rural communities, renewable fuel refining, logistics, and agriculture. It supports union labor and skilled trades transitioning into the clean energy economy, helping ensure a just transition for Hawai‘i’s workforce.
- **Targeted tax credits unlock market growth and drive costs down.** These incentives are designed to be transitional, helping the market scale, drive costs down over time, and reduce the need for incentives in the future. The Renewable Fuel Production Tax Credit helps bridge early cost gaps, enabling producers, refiners, and distributors to scale production. As volumes grow and supply chains mature, per-unit fuel costs decline over time.
- **Market certainty supports Hawai‘i’s farmers and landowners.** A stable, long-term tax credit provides the certainty needed to support expanded cultivation of rotational oilseed crops and other renewable feedstocks, allowing farmers to plan, invest, and participate in a growing local market.
- **State incentives are a necessary public-private investment in our future.** While individual producers may claim the credit, the benefits extend statewide across agriculture, energy, logistics, and labor, with program caps ensuring broad participation as the market grows. Without them, investment, agricultural opportunity, and jobs will continue to flow to states with stronger incentives, leaving Hawai‘i dependent on imported fuels. HB1695 HD2 sends a clear and durable signal to farmers, producers, and investors alike by reinforcing policy certainty and enabling coordinated public–private investment across the full value chain, from farms and feedstock development to refining and distribution, advancing Hawai‘i’s climate, energy security, and economic development goals.

HRFC strongly supports HB1695 HD2 as a transformative, fiscally responsible, and urgently needed policy. It aligns with our 2045 clean energy mandate, complies with the Navahine climate settlement, and opens the door for a vibrant local bioeconomy, rooted in energy security, food resilience, and community equity. We respectfully urge your committee to pass HB1695 HD2. Mahalo for your leadership and commitment to Hawai‘i’s renewable future.

Nahelani Parsons,

Executive Director, Hawai‘i Renewable Fuels Coalition

Proposed amendments to HB1695 HD2 Relating to Renewable Fuel

In order to define the transportation emissions thresholds that are currently blank in the bill:

Amend page 11, rows 3 to 8, to read:

"Feedstock transportation emissions threshold" means the carbon intensity contribution associated with the oceangoing transportation of the feedstock from the feedstock producer to the renewable fuel producer is less than 0.48 kilograms per million British thermal units ~~grams per megajoule~~ as determined by the lifecycle greenhouse gas emissions analysis.

Amend page 12, rows 9 to 14, to read:

"Product transportation emissions threshold" means the carbon intensity contribution associated with the oceangoing transportation of the finished fuel from the renewable fuel producer to the final distribution storage facility is less than 0.48 kilograms per million British thermal units ~~grams per megajoule~~ as determined by the lifecycle greenhouse gas emissions analysis.

In order to clarify HSEO's role in validating the greenhouse gas emissions data provided by the producer:

Amend page 8, rows 18 to 21 to read:

(3) Provide the taxpayer with a determination of whether the lifecycle greenhouse gas emissions for each type of qualified fuel produced ~~is lower than that of fossil fuels~~ meets the lifecycle greenhouse gas reduction threshold, product transportation emissions threshold, and feedstock transportation emissions threshold.

Testimony of
ALASKA AIRLINES and HAWAIIAN AIRLINES

Before the House Committee on
Finance

Thursday, March 5, 2026
2:00 P.M.
Hawai‘i State Capitol, Room 308

In consideration of
HOUSE BILL 1695, H.D. 2
RELATING TO RENEWABLE FUEL

The Honorable Chris Todd, Chair of the Committee on Finance
The Honorable Jenna Takenouchi, Vice Chair of the Committee on Finance
Members of the Committee on Finance

Re: **Testimony in Support of H.B. 1695, H.D. 2, Relating To Renewable Fuel**

Chair Todd, Vice-Chair Takenouchi and members of the committee,

On behalf of Alaska Airlines and Hawaiian Airlines, we respectfully submit testimony in support of H.B. 1695, H.D. 2, which expands and strengthens the State's renewable fuels production tax credit to support the production of renewable fuels, including sustainable aviation fuel, in Hawai‘i.

The transportation sector accounts for approximately forty-eight percent of statewide greenhouse gas emissions, and aviation plays a critical role within that system given Hawai‘i's geographic realities and reliance on air travel. Hawai‘i consumes approximately 714 million gallons of jet fuel annually. Even producing a modest portion of that fuel locally using renewable feedstocks can yield measurable emissions reductions while strengthening energy resilience and local economic activity.

Unlike other transportation sectors, aviation does not yet have scalable electrification or hydrogen pathways that can safely serve long-haul or interisland operations. Sustainable aviation fuel is a certified, drop-in fuel that can be blended with conventional jet fuel and used in existing aircraft engines and airport infrastructure. It represents the most immediate and scalable tool available to reduce lifecycle emissions from aviation without disrupting essential air service.

H.B. 1695, H.D. 2 directly addresses the primary barrier to scaling production: cost. The measure increases the renewable fuels production tax credit to thirty-five cents per seventy-six thousand British thermal units during the ten-year credit period. It further establishes an additional credit value of $1.00 per diesel gallon equivalent for low lifecycle emissions renewable fuels and an

additional $1.00 per gallon if the renewable fuel is sustainable aviation fuel . These targeted adders appropriately recognize the higher cost of producing fuels that meet stringent lifecycle and transportation emissions thresholds and the particular importance of sustainable aviation fuel to Hawai‘i’s decarbonization strategy.

The bill also maintains strong environmental guardrails. Eligible fuels must meet the lifecycle greenhouse gas emissions reduction threshold and product transportation emissions threshold, with lifecycle emissions calculated using the Argonne National Laboratory GREET model or another methodology approved by the Hawai‘i State Energy Office . This ensures that public investment supports fuels that deliver real and verifiable carbon reductions.

H.B. 1695, H.D. 2 incorporates fiscal safeguards as well, including a program cap of $20,000,000 annually, a single producer cap of seventy-five percent of total credits in any year, and a sustainable aviation fuel additional value cap equal to fifty percent of the total aggregate credits allowed . Credits are proportionally allocated if claims exceed the program cap. These provisions strike an appropriate balance between encouraging investment and protecting the State’s fiscal interests.

Importantly, the measure explicitly references the Navahine settlement and the State’s constitutional responsibility to ensure a life-sustaining climate for current and future generations. Achieving those obligations will require coordinated action across all major sectors, including aviation. Strengthening the renewable fuels production tax credit is a practical and scalable step toward meeting those commitments.

Beyond aviation, this bill supports agricultural innovation, creates skilled jobs in feedstock development and fuel production, and allows Hawai‘i’s existing energy workforce to transition into a clean energy economy. These outcomes align climate action with economic opportunity, particularly for neighbor island communities.

Alaska Airlines and Hawaiian Airlines are committed to reducing aviation emissions and supporting Hawai‘i’s long-term sustainability goals. H.B. 1695, H.D. 2 strengthens the policy framework necessary to attract investment, build local production capacity, and ensure that lower-carbon fuels are available in the Hawai‘i market.

For these reasons, we respectfully urge the Committee to pass H.B. 1695, H.D. 2.

Mahalo for the opportunity to provide testimony.

PONO PACIFIC

MARCH 5, 2026
~~February 18~~, 2026

TESTIMONY IN SUPPORT OF HB 1695 HD~~1~~ 2
RELATING TO RENEWABLE FUEL

House Committee on ~~Energy & Environmental Protection (EEP)~~ FINANCE (FIN)
The Honorable ~~Nicole E. Lowen~~, Chair Todd
The Honorable ~~Amy A. Perruso~~, Vice Chair Takenouchi
MARCH 5, 2026 2 p.m.
~~February 19, 2026~~, ~~9:45 am~~
Conference Room ~~325~~ 308
State Capitol
415 South Beretania Street

Chair Lowen and Vice Chair Perruso, and Members of the Committee,

Thank you for the opportunity to provide testimony in **STRONG SUPPORT** of **HB 1695 HD1**, Relating to Renewable Fuel. We believe that the proposed legislation presents a meaningful opportunity to make a positive impact on our state, our environment, and our agricultural sector. We respectfully request that you amend the definition of "Renewable feedstocks" to specifically include camelina. The definition in subsection (3) currently includes "Oil crops, including but not limited to algae, canola, jatropha, palm, soybean, and sunflower."

Pono Pacific is Hawai'i's first and largest private natural resource conservation company, providing land management, restoration services, sustainable agricultural development, renewable energy, and eco-asset development for projects throughout the state. Our work is focused on activating working lands, increasing food security and community engagement, and protecting natural resources to build a more resilient future for Hawai'i.

Since 2023, Pono Pacific has partnered with Par Hawaii to develop a consistent supply of locally grown biofuel feedstocks for renewable fuel production. These feedstocks can provide farmers with a viable new economic commodity while strengthening Hawai'i's agricultural economy. HB 1695 HD1 includes a calculation for low-emission renewable fuels, which is intended to spur economic activity in the agricultural sector, while not excluding out-of-state companies from participating. This will help Hawai'i farmers by providing an additional credit of $1 per gallon for low lifecycle emissions renewable fuels, which can be produced from locally grown renewable feedstocks.

PONO PACIFIC

Throughout 2024 and 2025, Pono Pacific partnered with two of Hawai'i's largest food producers, Mahi Pono and Aloun Farms, as well as Meadow Gold Dairies Hawaii, to advance oil crop feedstock cultivation by growing *Camelina sativa* (Camelina) at sites on Hawai'i Island, Maui, Oahu and Kaua'i. Additionally, Camelina variety trials were conducted in partnership with the Hawai'i Agricultural Research Center (HARC). Pono Pacific recently entered into an agreement with HARC to continue trials of Camelina on Oahu through 2026 with the goal of improving both yield per acre and oil content through further research and development.

Camelina is particularly promising because it delivers environmental co-benefits and valuable co-products that support local food systems, including seed cake for animal feed and crop residue that can be used as soil amendments. To date, trial results have been encouraging, averaging approximately 1,200 pounds of seed per acre, and local farmers, ranchers, and feed producers have expressed strong interest in the crop's potential.

Finding viable uses for agricultural lands that promote environmental sustainability while generating positive economic returns is a critical need for Hawai'i. Locally grown biofuel feedstocks such as camelina can be grown in rotation with food crops or on currently fallow land, improving soil health and reducing erosion. Pono Pacific has also engaged local companies exploring the use of locally produced biochar and organic fertilizers to further enhance soil fertility and carbon retention.

Camelina requires less water and fertilizer than traditional row crops, making it well suited to Hawai'i's diverse landscapes. In addition to supplying low-carbon feedstock for renewable fuels, camelina produces nutritious meal that can be used as feed for cattle and chickens or processed into pellets for aquaculture feed, creating multiple revenue streams from a single crop. By creating a stable demand for these crops and their byproducts, the renewable fuels industry can help revitalize rural communities, create new jobs, and diversify farm income streams across the islands.

Par Hawaii has publicly committed to spending significant capital, approximately $100M, retrofitting its Kapolei refinery to produce liquid renewable fuels, including Sustainable Aviation Fuel (SAF). This renewable fuel production is scheduled to start soon – in the 1st quarter of 2026. Transitioning to SAF, derived from renewable sources like energy crops, presents a crucial step towards decarbonizing air travel. SAF can bring meaningful reductions in aviation carbon emissions, with lifecycle emissions up to 50 to 80% lower than conventional jet fuel. Investing in local SAF production is not just economically sound, it's an environmental imperative.

Hawai'i needs to be competitive with other states that have already adopted tax credits for liquid renewable fuels and provide local production and consumption with the necessary

advantages to succeed, especially as the industry is just starting to get off the ground. Initially to be competitive, local SAF production will need government support.

Growing biofuel feedstocks locally will create new agricultural jobs, support food production through shared infrastructure, and avoid competition with food crops when oilseeds are used in rotation. Pono Pacific believes these feedstocks can deliver both high-quality renewable fuels and valuable agricultural byproducts that support Hawai'i's sustainability goals and its ranching, dairy, and aquaculture sectors. The production and distribution of liquid renewable fuels is about more than farming, it is about building a robust green energy infrastructure in Hawai'i. From biofuel refineries to logistics and supply chains, this industry will create high-quality jobs, attract investment, and strengthen our overall economy.

Renewable fuels currently cost more to produce than conventional alternatives. HB 1695 HD1 proposes targeted tax incentives to support local renewable fuel production and imports into Hawai'i. These incentives are not intended to be permanent; rather, they are a bridge to help the industry reach commercial scale and ultimately compete with traditional petroleum-based fuels. The proposed incentives represent a strategic investment in Hawai'i's future supporting our farmers, advancing clean energy innovation, and building a more sustainable aviation industry.

We urge you to pass this legislation with the requested amendment and unlock the full potential of locally produced liquid renewable fuels. Together, we can build a cleaner, more prosperous future for Hawai'i. Thank you for your time and consideration.

Mahalo,

Chris Bennett
Vice President of Sustainable Energy Solutions
Pono Pacific Land Management, LLC
Pono Energy Inc.

PONO PACIFIC

Camelina FAQs

What are the water requirements for growing Camelina?

Pono Pacific recognizes that water use and management in Hawai'i have historically been sensitive and complex issues, and we remain mindful of that context in all aspects of our work. Camelina is not a water intensive plant, and in reality, camelina does not like 'wet feet' (too much water). A combination of 8-12 inches of rainfall and irrigation across its 80-day growing cycle is all that is required, with some producers on the Continent recommending even lower rates of 4-6". Germination and emergence, then pre-flowering, are the critical stages for irrigation. Camelina needs good soil moisture for a uniform stand establishment and even germination. Very limited watering, if any, is recommended after flowering due to lodging commonly occurring. This works out to approximately 2,715 gallons per acre per day – again, a combination of rainfall and irrigation. Here is a comparison to other common Hawai'i-grown crops, per information from the Hawai'i Department of Agriculture (AGRICULTURAL WATER USE AND DEVELOPMENT PLAN):

HDOA IRRIGATION WATER USE GUIDELINES (2004 AWUDP)

Crop	Water Use Rate (gals/acre/day)	Crop	Water Use Rate (gals/acre/day)
Alfalfa/Corn (grain)	7,700	Orchids	3,700
Aquaculture	145,000	Papaya	5,000
Dendrobium	4,000	Passion Fruit	10,000
Field Crops (grass & seed)	6,700	Pineapple	1,350
Foliage Plants	4,000 - 6,000	Protea	2,000-2,500
Forage Crops	7,400	Sugarcane (drip)	6,700
Guava	4,400	Sugarcane (furrow)	10,000
Leafy Vegetables (drip)	4,050	Taro (Asian)	4,000 - 8,000
Leafy Vegetables (sprinkler)	5,400	Taro (dryland)	5,400
Macadamia Nuts	4,400	Taro (wetland)	80,000 - 100,000
Nursery (potted plants)	6,000	Vegetables	6,700

Takeaway: Although the exact amount can vary significantly depending on several factors, Camelina's low water requirement, combined with its short cycle, makes it attractive for regions where water resources are limited.

PONO PACIFIC

What agricultural lands will be used?

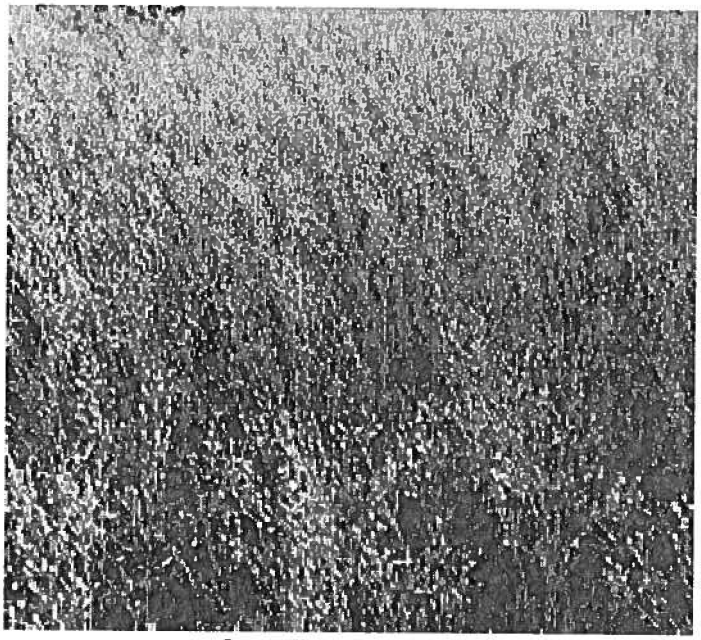
According to recent informational testimony to the Hawai'i Senate from the Hawai'i Farm Bureau and others, Hawai'i farms are on the decline – down 10% from 2017 to 2022. Efforts are underway to expand Hawai'i agriculture, expand Hawai'i lands in production, and expand the availability of Hawai'i-grown feed for our ranching communities. Our focus is on former sugarcane/pineapple lands with low opportunity cost, reactivating these lands for both renewable fuel feedstocks and food production, and at the same time mitigating fire hazards from unmanaged lands. There are tens of thousands of acres of these lands available on Kaua'i, Maui County, Oahu and Hawai'i Island. These lands are held by private entities such as Kamehameha Schools, Maui Land and Pineapple, Grove Farm, Gay & Robinson, as well as government agencies such as the DOA, ADC and DHHL. Although we are several years from commercial production, we are engaged in ongoing discussions with many of these landowners to enter into potential lease agreements.

We currently hope to scale the project up to 25,000 acres over the next 5 years focusing on privately held fallow lands previously in sugar and pineapple production, as well as rotating with food production on currently active lands.

PONO PACIFIC

Camelina flowering on Oahu

Camelina seed pods on Maui



Camelina field on Kauai

Camelina field on Kauai