JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

STATE OF HAWAIʻI
DEPARTMENT OF TAXATION
Ka ʻOihana ʻAuhau
P.O. BOX 259
HONOLULU, HAWAIʻI 96809
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TESTIMONY OF GARY S. SUGANUMA, DIRECTOR OF TAXATION

TESTIMONY ON THE FOLLOWING MEASURE:
S.B. No. 2376, Relating to the Renewable Fuels Production Tax Credit

BEFORE THE:
Senate Committees on Agriculture and Environment, and Energy and Intergovernmental Affairs

DATE: Monday, February 9, 2026
TIME: 3:00 p.m.
LOCATION: State Capitol, Room 224

Chairs Gabbard and Wakai, Vice-Chairs Richards, III, and Chang, and Members of the Committees:

The Department of Taxation (DOTAX) offers the following comments regarding S.B. 2376 for your consideration.

S.B. 2376 makes several amendments to Section 235-110.32, Hawaii Revised Statutes (HRS), regarding the Renewable Fuels Production Tax Credit (RFPTC).

Subsection (a) is amended to require that the credit be based on qualified renewable fuel production costs incurred within Hawaii. This subsection is also amended so that each taxpayer, together with all related entities, who currently are not eligible for more than a "single" ten-year credit period, would be eligible for a "separate" ten-year credit period "for each separate qualified renewable fuels production that meets the eligibility requirements of this section."

Subsection (f), regarding the $20,000,000 aggregate yearly cap, is amended to provide that if the total amount of credits applied for each year exceed the aggregate amount of credit allowed for that year, a taxpayer's excess credit shall be treated as having been applied for, and shall be claimed, in the following year.

Subsection (c) changes the reporting requirements for a taxpayer to the Hawaii State Energy Office (HSEO) from 30 days to 90 days following the close of the calendar year, and subsection (g) is amended so the public inspection and dissemination posting requirements for the HSEO exempts releasing certain information if it would jeopardize security, safety, or operations of critical energy infrastructure as determined under the Federal Power Act.

The measure is effective upon approval for taxable years beginning after December 31, 2025.

DOTAX notes that the bill does not define the terms “qualified renewable fuel production costs or” “separate renewable fuels production.” For taxpayer and administrative clarity, DOTAX recommends including such definitions.

DOTAX defers to the HSEO regarding its ability to incorporate these changes and its ability to continue to administer the aggregate credit cap and the new excess credit tracking. DOTAX recommends, however, that the bill be amended to clarify that, in the event that the total amount of credits applied in a year exceeds the aggregate amount, a certificate must be issued to the taxpayer with the amount eligible to be claimed in the subsequent year.

DOTAX recommends that the effective date be amended to taxable years beginning after December 31, 2026, to allow for form and system updates, and notifying taxpayers of the changes.

Thank you for the opportunity to provide comments on this measure.

HAWAII STATE ENERGY OFFICE
STATE OF HAWAII

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARK B. GLICK
CHIEF ENERGY OFFICER

235 South Beretania Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
SENATE COMMITTEES ON ENERGY AND INTERGOVERNMENTAL AFFAIRS AND AGRICULTURE AND ENVIRONMENT

Monday, February 9, 2026
3:00 PM
State Capitol, Conference Room 224 and Videoconference

Providing Comments on
SB 2376

RELATING TO THE RENEWABLE FUELS PRODUCTION TAX CREDIT.

Chairs Wakai and Gabbard, Vice Chairs Chang and Richards, and Members of the Committees, the Hawai‘i State Energy Office (HSEO) offers comments on SB 2376, which amends the Renewable Fuels Production Tax Credit (RFPTC), Section 235-110, Hawai‘i Revised Statutes (HRS). Amendments 1) clarify that the RFPTC 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 extends the time frame for taxpayers to file certain statements.

HSEO offers the following comments and context on the remaining provisions of the bill and defers to the Department of Taxation on any additional administrative or compliance considerations.

The bill maintains existing guardrails, including:

- A credit value of $0.20 per 76,000 BTUs (lower heating value);
- A $3.5 million annual cap per taxpayer;
- A minimum annual production threshold of 2.5 billion BTUs; and

- A requirement that eligible fuels demonstrate lifecycle greenhouse gas emissions below those of fossil fuels.

While HSEO appreciates the in-state clarification included in SB 2376 (page 1, lines 14-15), as this clarification aligns the RFPTC with its underlying policy objective of encouraging renewable fuel production and use occurring within Hawai‘i, HSEO notes that in-state production alone is unlikely to achieve the scale of greenhouse gas reductions needed. Due primarily to land use constraints, any substantial progress towards greenhouse gas reductions will most likely require substantial imports of refined renewable fuels. HSEO further notes that imported fuels may offer meaningful greenhouse gas reduction potential; however, such potential cannot be assumed without lifecycle verification and reporting requirements not currently in place to ensure claimed emissions reductions are measured and verifiable. To achieve Hawai‘i’s decarbonization objectives, HSEO asserts that a flexible approach to accommodate both in-state and qualifying imported fuels supported by robust lifecycle greenhouse gas accounting is necessary.

Additionally, SB 2376 clarifies the treatment of related entities by allowing separate ten-year credit periods for each qualifying production facility, rather than limiting eligibility based solely on corporate affiliation (page 2, lines 15-17). This approach more accurately reflects facility-level investment and production decisions and supports the development of additional renewable fuel capacity within the State. HSEO supports this clarification as a targeted improvement that reinforces the RFPTC’s in-state focus without expanding the overall credit value or per-taxpayer cap.

Reporting requirement amendments are summarized in the table below.

Category	**Current Statute**	**New Requirement (Per SB2376)**
Filing Deadline	No later than 30 days after the close of the calendar year.	No later than 90 days after the close of the calendar year.

Employee Data	Must report the number of full-time and part-time employees AND their states of residency.	Must report the number of full-time and part-time employees only. (Residency data removed).
Facility Data	Report the number/location of production facilities inside and outside the State.	Report the number and state location of production facilities. (Refocused on Hawai‘i-specific impact).
Credit Tracking	Total credit for the year only.	Must report the current year credit AND the cumulative amount received over the 10 years.
Environmental Data	General proof of eligibility (lifecycle emissions below fossil fuels).	Must report specific lifecycle greenhouse gas emissions per BTU for each fuel type.
Public Accessibility	Generally public under Chapter 92F.	Specific locations and Critical Energy Infrastructure Information (CEII) are now Confidential.

The bill also introduces a rollover mechanism (page 4, lines 13-18) under which excess claims are treated as having been applied for in a subsequent year. While this provision may increase predictability for taxpayers, it also raises questions regarding budgeting, timing of credit realization, and long-term fiscal exposure. Below is HSEO's summary of this provision and potential impacts:

The total state-wide cap for this credit remains $20 million per year. However, a significant "pro-taxpayer" change was added:

- Current Statute: If the $20M cap is hit, certificates are discontinued.
- SB 2376 Revision: If applications exceed the $20M cap, the excess is treated as having been applied for in the subsequent year. This ensures taxpayers do not lose out entirely if the program is oversubscribed.

If the state's $20 million annual limit is maxed out before taxpayers get the full credit, they do not lose the money. Instead, the State pushes the claim to the front of the line for the following year. In practical terms, if claims total $25 million in a given year, $20 million is distributed on a proportional basis, and the remaining $5 million is automatically deferred to the following year.

Implications for the Taxpayer (The Pros)

- Investment Certainty: This reduces the "race to apply" dynamic. Large-scale producers can invest in infrastructure knowing that even if the state's budget is tight one year, they will eventually receive the credit.
- Audit and Financial Planning: It allows companies to carry an "account receivable" or deferred tax asset on their books, which is much better for financial planning that a contingent credit.

Implications and considerations for the State (The Potential Risks)

- Budget "Snowballing": If Hawai‘i producers consistently produce more renewable fuel than the $20 million cap allows, a backlog will form. Eventually, the first $15 million or even the full $20 million of a future year's budget could be "pre-spent" on fuel produced years prior.
- Dilution: Note that Subsection (f) still says if the cap is exceeded, the money is "divided between all eligible taxpayers... in proportion." The rollover ensures you get the value eventually, but it might be spread across multiple years rather than a lump sum.

Important Nuance: The bill states the credit is allowed for a ten-year credit period. If your credits keep rolling forward because the state cap is always hit, you might still be receiving "Year 10" payments in Year 12 or 13.

Given the implications for the State, HSEO recommends removing the rollover language.

Thank you for the opportunity to testify.

OFFICE OF INFORMATION PRACTICES

STATE OF HAWAII
NO. 1 CAPITOL DISTRICT BUILDING
250 SOUTH HOTEL STREET, SUITE 107
HONOLULU, HAWAI'I 96813
TELEPHONE: 808-586-1400 FAX: 808-586-1412
EMAIL: oip@hawaii.gov

To: Senate Committees on Energy and Intergovernmental Affairs and on Agriculture and Environment

From: Carlotta Amerino, Director

Date: February 9, 2026, 3:00 p.m.
State Capitol, Conference Room 224

Re: Testimony on S.B. No. 2376
Relating to the Renewable Fuels Production Tax Credit

Thank you for the opportunity to submit testimony on this bill, which would amend the requirements of the renewable fuels production tax credit. The Office of Information Practices (OIP) takes no position on the substance of this bill, but offers comments on a confidentiality provision and exemption from disclosure under the Uniform Information Practices Act (UIPA), chapter 92F, Hawaii Revised Statutes (HRS) on page 5.

An amendment to subsection 235-110.32(g), HRS, on bill page 5, lines 3-11, provides that information collected by the State Energy Office for the purpose of the renewable fuels tax credit is "confidential and exempt from public disclosure" if it (1) "identif[ies] the specific location of a renewable fuel production facility" or (2) "is determined to constitute critical energy infrastructure information pursuant to section 215A(d) of the Federal Power Act (16 U.S.C. 824o-1), the disclosure of which could reasonably be expected to jeopardize the security, safety, or operational resilience of critical energy infrastructure[.]"

OIP does not object to treating as confidential information determined to be critical energy infrastructure information where its disclosure meets the standard of being reasonably expected to jeopardize the security, safety, or operational resilience of critical energy infrastructure. Where disclosure of information could reasonably be expected to have such an effect, it could be withheld under the UIPA's exception to disclosure for information whose disclosure would frustrate a legitimate government function. However, OIP questions why the location of a renewable fuel production facility would be confidential when it does **not** constitute critical energy infrastructure and its disclosure would **not** reasonably be expected to jeopardize the security, safety, or operational resilience of critical energy infrastructure. If disclosure of the facility location would jeopardize security, safety, or operational resilience then it seems it would qualify to be withheld as critical energy infrastructure under option two, whereas if disclosure of the facility location would not have any of those effects there does not appear to be a sufficient basis to treat it as confidential and not disclosable under the UIPA.

OIP therefore respectfully requests that this Committee **delete from bill page 5, lines 4-5, the phrase "identifying the specific location of a renewable fuel production facility, or information[.]"** The amended language would then allow for confidentiality of "information under subsections (c), (d), (k), and (l) that is determined to constitute critical energy infrastructure information . . ." as described in the remainder of the subsection.

Thank you for considering OIP's testimony.

HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

530 S. KING ST. STE. 202, HONOLULU, HI 96813

AUGIE TULBA
HONOLULU CITY COUNCIL
DISTRICT IX
TELEPHONE: (808) 768-5009
EMAIL: atulba@honolulu.gov

To: Senate Committee on Agriculture and Environment
Senate Committee on Energy and Intergovernmental Affairs

From: Councilmember Augie Tulba

Date: February 12, 2026

Re: Testimony in Support of SB 2376, Relating to the Renewable Fuels Production Tax Credit

Aloha Chairs Gabbard and Wakai, Vice Chairs Richards and Chang, and Members of the Committees,

My name is Councilmember Augie Tulba, and I have the honor of representing parts of Waipahu and ʻEwa on the Honolulu City Council. I respectfully submit testimony in strong support of SB2376.

As a Honolulu City Councilmember, I am concerned about how limited Hawaiʻi's economy has become. The recent UHERO economic report makes clear that we rely too heavily on a small number of industries. When those industries slow down, local workers and families feel it right away. SB2376 is a practical step toward creating more local jobs and a more stable economy.

Updating the Renewable Fuels Production Tax Credit makes sense for Hawaiʻi. While we will always import some fuel, we should also produce more here at home. SB2376 clarifies that the tax credit applies to renewable fuels produced and sold in Hawaiʻi and allows each qualifying in-state facility to receive its own ten-year credit. This bill gives businesses the clarity they need to invest in renewable fuel production in Hawaiʻi, which means more local projects and jobs.

Renewable fuel production allows us to grow a new industry using skills our workforce already has. It helps people keep working, retrain where needed, and move into energy jobs without having to leave the island. It also creates jobs in construction, farming, trucking, storage, processing, and operations, which are good, steady jobs that support local families. Producing more fuel locally also keeps more dollars in Hawaiʻi instead of sending them out of state.

This bill also supports local farmers. Renewable fuel crops can be grown on underused land and alongside food crops, giving farmers another source of income and keeping land in active use. Without a reliable market like this, many farmers simply cannot take that risk.

SB2376 is about creating jobs, expanding local opportunity, and strengthening our economy. It will help build a new industry here at home, support working families, and reduce our reliance on just a few sectors. Hawaiʻi needs this kind of economic diversity to stay strong and resilient.

Mahalo for the opportunity to provide testimony in support of SB2376.

Sincerely,

Augie Tulba, Councilmember
Honolulu City Council District 9

February 9, 2026

COMMENTS TO
SB 2376
RELATING TO THE RENEWABLE FUELS PRODUCTION TAX CREDIT

Senate Committee on Agriculture and Environment
The Honorable Mike Gabbard, Chair
The Honorable Tim Richards, Vice Chair

Senate Committee on Energy and Intergovernmental Affairs
The Honorable Glenn Wakai, Chair
The Honorable Stanley Chang, Vice Chair

Monday, February 9, 2026, 3:00 p.m.

VIA VIDEOCONFERENCE
Conference Room 224
State Capitol
415 South Beretania Street

Chairs Gabbard and Wakai, Vice Chairs Richards and Chang, and Members of the Committees,

Island Energy Services, LLC ("IES") offers the following comments on SB 2376 which proposes the establishment of a sustainable aviation fuel tax credit program for the State.

- The current language of SB 2376 indicates it is intended to "support local production of SAF and other renewable fuels" the State goals are best served by allowing any imported finished sustainable aviation fuel and other renewable fuels produced outside of Hawai'i to qualify for the same proposed tax credit provided it meets the same lifecycle greenhouse gas emission threshold.

We thank the Senate Agriculture and Environment Committee and the Senate Energy and Intergovernmental Affairs Committee for hearing this bill and thank you for the opportunity to testify.

Albert D.K. Chee, Jr
Executive Vice President Island Energy Services, LLC

Par Hawaii

February 9, 2026

TESTIMONY IN SUPPORT OF SB 2376
RELATING TO THE RENEWABLE FUEL PRODUCTION TAX CREDIT

Senate Committee on Energy & Intergovernmental Affairs
Senator Glenn Wakai, Chair
Senator Stanley Chang, Vice Chair

Senate Committee on Agriculture & Environment
Senator Mike Gabbard, Chair
Senator Herbert M. "Tim" Richards, III, Vice Chair

Monday, February 9 at 3:00 p.m.
State Capitol, Conference Room 224

Aloha Chairs Wakai and Gabbard, Vice Chairs Chang and Richards, and members of the Committees,

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.

Thank you for the opportunity to provide testimony in **SUPPORT** of SB 2376, Relating to the Renewable Fuel Production Tax Credit. We note that SB 2403 is the preferred measure for updating and strengthening the Renewable Fuels Production Tax Credit (RFPTC). The structure and policy design of SB 2403 more effectively supports Hawaii-based renewable fuel production, aligns with the State's climate and energy-security goals, and preserves the administrative clarity needed for timely implementation.

SB 2403 increases the base credit from 20 cents to 35 cents per 76,000 BTU and adds two targeted enhancements which lower costs for consumers:

- $1.00 per diesel-gallon-equivalent for low-lifecycle-emissions renewable fuels
- $1.00 per gallon for sustainable aviation fuel (SAF)

These additions are essential to closing the cost gap between renewable fuels and imported petroleum. Without these enhancements, Hawaii-produced renewable fuels will remain significantly more expensive than fossil fuels and will be diverted to higher-value markets on the West Coast. SB 2403 directly addresses this risk.

Second, SB 2403 maintains the existing RFPTC framework while improving it. SB 2376, by contrast, introduces structural changes—such as multiple ten-year credit periods per facility—that create uncertainty, increase administrative burden, and could unintentionally dilute the program's effectiveness.

Par Hawaii has invested over $100 million to construct Hawai‘i’s largest renewable fuels manufacturing facility at Kapolei, expected to produce 61 million gallons per year of renewable diesel, sustainable aviation fuel, and renewable naphtha. SB 2403 provides the level of certainty and incentive strength needed to ensure renewable fuels produced in Hawaii stay in Hawaii.

Mahalo for the opportunity to submit testimony in support of SB 2376.

PACIFIC BIODIESEL TECHNOLOGIES

2050 Main Street, Suite 3B
Wailuku, Hawai'i 96793
(808) 877-3144
www.biodiesel.com

February 8, 2026

TESTIMONY ON SB2376, RELATING TO THE RENEWABLE FUELS PRODUCTION TAX CREDIT

SUPPORT

Committee on Agriculture and Environment
Senator Mike Gabbard, Chair
Committee on Energy and Intergovernmental Affairs
Senator Glenn Wakai, Chair
Hearing: Feb. 9, 2026, 3:00pm, Conf Room 224

Aloha Chairs, Vice Chairs and Members of the Committee,

Pacific Biodiesel **supports SB2376**, which updates the Renewable Fuel Production Tax Credit previously established by the State Legislature and supports a very real, sustainable ongoing solution.

We like all aspects of this bill, with the additional clarity on the "separate ten-year credit period" to indicate that entities that previously claimed the credit are eligible for a new ten-year credit period.

This production tax credit will support continued expansion of biodiesel production for our state – more urgent now than ever. It enables the continued expansion of our local biodiesel crop production which addresses both fuel and food security for Hawai`i.

Pacific Biodiesel is acutely aware of the important role our biodiesel production plays in supporting military readiness and energy resilience in our state. Given our state's strategic location, locally produced biodiesel ensures a reliable, readily available local supply of biofuel at key locations in Hawai`i to help protect United States national security and further reduce reliance on imported crude oil, especially from sources like Russia-backed Libya.

State support has helped Pacific Biodiesel, now in our 30th year, exceed our original 2012 nameplate capacity of 5.5 mgy. Current biodiesel production capacity in Hawai`i is 6 million gallons annually. Biodiesel produced from Hawai`i-sourced feedstock can feasibly scale to 16 million gallons annually by 2040 – *this total vertical integration to locally grow and produce biodiesel epitomizes energy security!*

As Hawai`i embraces electric vehicles, it is important to recognize that a large portion of our transportation infrastructure must be given the choice to go renewable by using locally produced biofuel in order not to burden local businesses as well as citizens with the unjust added cost of buying new vehicles. Biodiesel can bring immediate greenhouse gas reductions for the hard-to-electrify sectors such as large trucks, buses, and boats where new electric vehicle technology is extremely expensive, not widely available and lacks the same payload as diesel engines.

Biodiesel is an energy-dense domestically manufactured renewable fuel source that provides local family-wage earning jobs, promotes energy security in Hawai`i, supports USA national security and benefits the local circular economy. Biodiesel has one of lowest carbon footprints of any fuel, reducing GHG emissions by 86% compared to fossil diesel.

A recent USC study on the Lifecycle Assessment of an electric bus compared with a biodiesel bus in Hawai`i showed a substantial reduction in environmental impact. Biodiesel demonstrated:
48% less energy used
89% less water consumed
41% fewer GHG emissions
7% lower total cost of ownership

https://incose.onlinelibrary.wiley.com/doi/10.1002/iis2.70102

For power generation, biodiesel is a critical component of our State's renewable energy portfolio.

Biodiesel is a 100% renewable fuel that provides a firm renewable source for power generation that is a reliable backup to intermittent renewables like solar and wind that fluctuate in availability. In our electric utilities, fast-start diesel engines — increasingly fueled with clean biodiesel — are enabling higher penetration of intermittent PV and wind assets while maintaining grid stability.

Pacific Biodiesel produces our biodegradable, non-toxic fuel with used cooking oil recycled from Hawai`i's restaurants, keeping that potentially hazardous waste out of local landfills. In addition, our carbon negative regenerative farming operation can also locally produce biodiesel from virgin oils, like sunflower and canola oils. Our model also contributes culinary oils and high-protein meal for livestock feed to the local food system. Pacific Biodiesel's "ag and energy" model today is demonstrating a "net carbon negative" renewable fuel system that's a beneficial circular economy model for Hawaii.

There is no silver bullet for a 100% zero emission future. The further we move towards our goal of 100% renewable, the more critical liquid biofuel sources will become in our State renewable energy portfolio of sustainable solutions. We must continue to support the expansion of local production now to meet our needs later.

Mahalo,

Robert O. King

Bob King
Founder and President
Pacific Biodiesel

Hawai'i Renewable Fuels Coalition

February 9, 2026

TESTIMONY IN SUPPORT OF SB 2376 RELATING TO THE RENEWABLE FUELS PRODUCTION TAX CREDIT

Aloha Chair Wakai, and Chair Gabbard, and Members of the Senate Committees,

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, we offer our strong support for SB2376, which updates the Renewable Fuels Production Tax Credit (RFPTC). We respectfully urge the Committee to advance this measure with targeted amendments to ensure it fulfills its intended role as a catalyst for a new, locally rooted renewable fuels economy.

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

The Role of the Coalition and Why This Credit Matters

The Hawai‘i Renewable Fuels Coalition is a broad, cross-sector partnership representing agriculture, energy, labor, transportation, and community stakeholders. As Executive Director, my role is to bring together the many voices impacted by a policy like this and help align them around a shared goal: building a new economic driver for Hawai‘i that connects renewable fuel production with local agriculture, workforce transition, and long-term energy security.

Updating the RFPTC to make it accessible advances Hawai‘i’s response to the *Navahine v. HDOT* climate settlement by providing the financial mechanism needed to support the 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 measure offers a realistic and scalable pathway to decarbonize transportation while strengthening local economic resilience and supporting Hawai‘i-based jobs and agriculture.

Renewable fuels, especially sustainable aviation fuel and renewable diesel, represent one of the few climate solutions that can:

- Create new demand for agricultural production,
- Put underutilized lands back into productive use,
- Support skilled, local jobs, and
- Keep energy dollars circulating in Hawai‘i instead of leaving the state.

The Renewable Fuels Production Tax Credit (RFPTC) is the foundation of that system. Without it being properly calibrated, the system simply does not work.

Support SB2376 With Amendments

We understand and appreciate that the intent of SB2376 is to prioritize production in Hawai‘i, and we share that goal. However, the current credit structure does not yet provide a strong enough signal to farmers, producers, or investors to build this new market at scale.

Preference for the SB2403 Framework

The Coalition finds the language reflected in SB2403 to be a helpful and comprehensive approach to addressing these issues. That framework recognizes that building a local renewable fuels economy requires a tax credit that reflects real production costs, rewards fuels with the lowest climate impact, and supports in-state production in a legally sound way. As SB2376 is the measure currently under consideration, our goal is simply to work collaboratively to align its core provisions with those principles so the policy can be as effective as possible in supporting Hawai'i's long-term energy, agricultural, and economic goals.

Why We Are Recommending Changes to the Credit Amount

We strongly recommend increasing the Renewable Fuels Production Tax Credit from 20 cents to 35 cents per 76,000 BTUs. At the current 20-cent level, the credit does not adequately support feedstock cultivation, long-term offtake agreements, or the capital investments needed for local refining and processing. A 35-cent credit more accurately reflects Hawai'i's cost environment and provides the level of certainty farmers, producers, and investors need to move projects forward and commit to building a local renewable fuels market.

Addressing the $3.5 Million Per-Producer Cap

SB2376 currently includes a $3.5 million annual cap per producer. While we understand the importance of program safeguards, we respectfully ask the Legislature to consider increasing this cap to better reflect the scale of opportunity before us. Hawai'i is projected to have access to nearly **70 million gallons of renewable fue**l, and allowing producers to reach sufficient scale is essential to maximizing the economic, workforce, and agricultural benefits for our communities. Providing additional flexibility in the per-producer cap would help ensure Hawai'i can capture as much of this opportunity as is economically feasible, particularly in the early years when anchor projects are critical to establishing a successful local renewable fuels market.

Prioritizing Local Production

We understand and appreciate that the intent of SB2376 is to prioritize renewable fuel production in Hawai'i, and we share that goal. The Legislature has previously considered whether to include a direct preference for locally produced fuels, and in earlier versions of this policy, the Attorney General raised legitimate constitutional concerns about providing a tax benefit that explicitly favors in-state production over out-of-state production. Rather than

moving away from the goal of supporting local production, stakeholders worked collaboratively to develop a legally sound alternative.

That approach, reflected in SB2403 and recommended here, is the use of a **"low lifecycle emissions renewable fuels"** standard. This framework requires fuels to meet defined thresholds for lifecycle greenhouse gas emissions, as well as limits on emissions associated with transporting both the feedstock and the finished fuel. In practice, this naturally favors fuels produced closer to where they are grown and used, as shorter transportation distances result in lower emissions and easier compliance, while still allowing truly low-carbon out-of-state fuels to qualify. This approach supports Hawai'i-based production in a legally sound manner and aligns with the shared goal of maximizing local economic benefit.

Why This Matters for Agriculture

Farmers will not plant crops without a reliable and stable market signal, and the Renewable Fuels Production Tax Credit provides that certainty. Renewable fuel crops such as camelina and other oilseeds can be grown on fallow or rotational agricultural lands, do not displace food crops, and help improve soil health while keeping land actively managed and reducing wildfire risk. Through ongoing crop trials, camelina has shown particular promise in Hawai'i due to its low water requirements and suitability for local growing conditions. These crops also generate valuable byproducts that can be used as local feed for Hawai'i's ranchers and farmers, further strengthening the agricultural economy. However, this system only works if the RFPTC is strong enough to support the full value chain, from feedstock cultivation and processing to fuel production, so farmers can confidently invest, plan acreage, and participate in a growing local renewable fuels market.

SB2376 moves Hawai'i in a positive direction, and we strongly support its passage. With targeted amendments:

- Increasing the credit to 35 cents per 76,000 BTU,
- Reexamining the $3.5 million per-producer cap, and
- Incorporating the $1 additional credit for low lifecycle emissions renewable fuels framework as well as other provisions used in SB2403.

These updates would help establish a coordinated system that connects agriculture, energy, labor, and climate responsibility in a way that delivers lasting benefits to communities across Hawai‘i. We respectfully urge the Legislature to advance SB2376 with these amendments.

Mahalo for the opportunity to testify and for your leadership on this important issue.

Nahelani Parsons,

Executive Director, Hawai‘i Renewable Fuels Coalition

The National Environmental Health Association (NEHA) represents more than 7,000 governmental, private, academic, and uniformed services sector environmental health professionals in the U.S., its territories, and internationally. This workforce represents the second largest constituent of the existing public health workforce, second only to nursing. We are the profession's strongest advocate for excellence in the practice of environmental health as we deliver on our mission to build, sustain, and empower an effective environmental health workforce.

Policy Statement on Climate Change

Adopted: July 2023
Policy Sunset: July 2028

Climatic changes like rising temperatures, more extreme weather, and rising carbon dioxide (CO_2) and sea levels are influencing environmental exposures that affect human health. These environmental exposures include air pollution, changes in vectorborne disease, increases in allergens and seasons when allergens are prevalent, water quality impacts, water and food supply, population displacement and relocation, environmental degradation, and the frequency and intensity of extreme heat and weather events. Not everyone is equally at risk for climate change-related health impacts. Risk can be influenced by age, economic resources, and location (Centers for Disease Control and Prevention [CDC], 2022).

Furthermore, one of the most comprehensive reviews of climate change research worldwide—and the largest assessment exercise in history—is being conducted by the Intergovernmental Panel on Climate Change (IPCC), which is made up of independent working groups that examine both peer-reviewed publications and gray literature. The 6th IPCC systematic review of the applicable published literature and the assessment reports for the public and policymakers is current and clear: "It is unequivocal that human influence has warmed the atmosphere, ocean, and land. Widespread and rapid changes in the atmosphere, ocean, cryosphere, and biosphere have occurred" (IPCC, 2021, p. 4).

NEHA recognizes climate change as a global environmental health problem that has health and safety impacts on individuals and communities. Environmental health professionals improve and protect the public's health and create healthy and sustainable communities. NEHA supports building the capacity of environmental health professionals to address the health impacts of climate change with risk assessment, adaptation, and mitigation planning. Developing successful solutions to climate change has implications for the structure and viability of the U.S. economy, as well as global economic impacts that affect the health and welfare of people worldwide.

NEHA supports federal, state, local, tribal, and territorial (SLTT) jurisdictions in developing policies, using frameworks, and implementing plans to address climate and health, including

technical assistance and training, some through mini-grants and direct funding, to accomplish the following:

- Conduct risk assessments and establish plans to anticipate risks for adaptation and resilience building for future generations. Using the audience segmentation techniques identified by Maibach et al. (2008) can help professionals refine individual risk perceptions. Climate change and health equity are at the cutting edge of these assessments of risks to vulnerable populations.
- Incorporate green space, green roofs, energy conservation, and other technologies into the built environment to help reduce the effects of urban heat islands. Urban areas are warmer than adjacent rural areas due to the absorption of sunlight (Seto et al., 2012; U.S. Global Change Research Program [USGCRP], 2016). In the short-term, heat waves pose the greatest threat to the environment and human health due to impaired air quality and heat-related illnesses in vulnerable populations including older adults, individuals with chronic diseases, low-income populations, outdoor laborers, etc. (U.S. Environmental Protection Agency [U.S. EPA], 2022; Watts et al., 2015).
- Conserve and replenish fresh water sources and support planning and implementation activities to mitigate climate change-related health impacts on water sources. According to the U.S. Geological Survey (n.d.), climate change poses increased risks of prolonged droughts, making them more frequent, more severe, and of longer duration. Droughts can have short- and long-term health implications, led by the devastating impacts of wildfires. Possible long-term public health impacts include drinking water scarcity and decreased water quality, poor air quality, increased wildfire impacts, degraded sanitation and hygiene, impacts on food supplies and nutrition, and an increase in vectorborne disease (CDC, 2022). The U.S. Environmental Protection Agency (U.S. EPA, 2023a) estimates that more than one half of the U.S. population relies on groundwater for domestic use. Wildfires impact water quality, as shown by the devastating effect of the Colorado wildfires in Boulder and surrounding counties. Droughts—forecasted to worsen with climate change—can have a significant impact on existing groundwater supplies through decreased aquifer recharge and increased pumping (Taylor et al., 2013).
- Address the need for more funding and coordinated data bank repositories for state and local governments that are designed for collaborative use by jurisdictions. In the decades-long-term future, climate change poses an increased risk of changes in the extent and volume of sea ice; significant changes in sea levels, water temperatures, ocean acidification, and freshwater chemistry; increased coastal flooding and erosion and impacts on infrastructure; expansion of the range of disease vectors; and geographic spread of tropical diseases.

NEHA supports the following policies and actions for environmental health professionals:

- Adopt a multidisciplinary approach to address action on climate change. The Commission on Health and Climate Change has produced 10 policy recommendations

that can serve as a broad reference base for environmental health professionals to make incremental changes at their associated levels of community (Watts et al., 2015).

- Create a "whole community" engagement approach to engage and empower the entire community, all levels of government, nongovernmental organizations, nonprofits, faith-based organizations, and private sector industries established through the Federal Emergency Management Agency and the U.S. Department of Homeland Security (Federal Emergency Management Agency, 2011).
- Strengthen community resilience to climate-related events. Due to local culture and capacity, there is no single solution to climate change adaptation, but there are resiliency frameworks, such as the one developed by the U.S. Department of Health and Human Services, that can be used by environmental health professionals (Chandra et al., 2011).
- Collect baseline disease rates and examine exposure-outcome associations to quantify the impacts of climate change on health and determine direct attribution (Marinucci et al., 2014). Climate change hazards might exacerbate existing health disparities over time due to the changing density and demography of populations. Support for surveillance activities will allow better monitoring for change over time. U.S. EPA (2023b) has developed more than 50 climate change indicators that can help environmental health professionals to better examine and assess these risks in their own communities.
- Reduce barriers, share best practices, and evaluate metrics through stakeholder engagement strategies similar to those activities proposed by Bierbaum et al. (2013).
- Work with the Climate and Health Program within the Centers for Disease Control and Prevention to assist health departments in developing states and cities that are climate ready. The five-step process framework from CDC—Building Resilience Against Climate Effects (BRACE)—anticipates impacts, assesses health vulnerabilities, and creates adaptive capacity to reduce exposures and disease (Managan et al., 2014).

Analysis

In 1997, NEHA adopted a climate change position statement that acknowledged the gravity of climate change, as well as the need for legislation and research, concerted action and cooperation, and the deployment of environmental and public health professionals to be resources (Radtke et al., 1997). Since then, additional evidence of climate change has documented the seriousness of regular, worldwide climate change impacts. This policy statement continues to address the fundamental objectives of NEHA.

This policy statement is updated and portrays current information on the status of the climate change crisis with particular emphasis on the implications for environmental and public health. It is intended to be used as a basis for environmental health professionals and their colleagues to initiate discussions within their communities regarding the potential impacts and vulnerabilities of climate change and develop solutions to issues and opportunities. Environmental health professionals are vital partners in developing climate change mitigation

and adaptation measures.

NEHA recognizes climate change as a worldwide environmental health crisis caused in part by human influences. Climate change has serious health and safety impacts on individuals and communities. While initially referred to as global warming, climate change is a more recent term that identifies significant changes in climate trends and measures lasting for an extended period of time, such as changes in temperature, precipitation, or wind patterns (U.S. EPA, 2023c). Greenhouse gases (i.e., CO_2 from burning coal, oil, and natural gas; nitrous oxide; methane) in the atmosphere absorb solar radiation and emit it back to the Earth's surface, which plays a significant role in triggering the climate changes observed in recent decades (U.S. EPA, 2023d). Therefore, energy policy, including the electric utility generation mix, has been at the leading edge of public policy. Progress has been slow, however, similar to the evolution of electric airplanes and cars becoming a dominant force in transportation. These changes can take decades, even though the market and our knowledge are always dynamic and in real time.

Justification

Weather-related disasters occur throughout the U.S. and abroad each year. Based on the latest data in 2022, extreme events are growing in intensity and cost, fueled in part by the Earth's changing climate. The sum of leading research across the globe continues to confirm that human activities contribute to increasing levels of CO_2 in the atmosphere. Shifting weather patterns are impacting food production, rising sea levels, and increased rainfall events, which increase the risk of catastrophic flooding, wildfires, droughts, intensified storm events, and other related consequences. These climatic fluctuations are also leading to significant disparities within the U.S. and internationally.

According to the World Health Organization, climate change adversely affects human health. One example is that federal healthcare expenditures are increasing due to climate-related impacts (U.S. Government Accountability Office, 2015). Health effects include increased respiratory and cardiovascular disease, as well as injuries and premature death (CDC, 2022).

The U.S. average temperature has increased by 1.3–1.9 °F since 1895 with most of the increase (not geographically uniform) happening since 1970 (USGCRP, 2016). The percentage of people diagnosed with asthma has increased in the U.S. from 7.3% in 2001 to 8.4% in 2010 (CDC, 2022). In the U.S., an average of 702 heat-related deaths and 67,512 emergency department visits occur annually due to heat (CDC, 2023).

The benefits far outweigh the economic consequences of delaying the implementation of climate change mitigation and adaptation policies. It will be costly either way, but the costs of delayed action are more costly as higher temperatures and higher CO_2 concentrations continue. Policies now can avoid more costly fixes in future years (Furman & Podesta, 2014).

Addressing climate change can be an overwhelming and daunting task, but when all individuals in a community engage, prepare, and collaborate on effective climate change strategies, partnerships and solutions arise that can lead the way in the design of solutions. Evaluating

baseline opinions, values, core beliefs, and identities of a community's diverse population can allow environmental health professionals to better understand how and where behavior change can produce maximum positive results. Promoting long-term planning for climate change is important. Communities must create and be examples of how to live more efficient and sustainable lifestyles, such as using mass transportation, reducing waste, and conserving energy and water. Environmental health professionals can lead the way.

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Edited by:
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Managing Editor, *Journal of Environmental Health*

February 9, 2026

TESTIMONY IN SUPPORT OF SB 2376
RELATING TO THE RENEWABLE FUELS PRODUCTION TAX CREDIT

Senate Committee on Agriculture and the Environment (AEN)
Senator Mike Gabbard, Chair
Senator Herbert M. "Tim" Richards III, Vice Chair

Senate Committee on Energy and Intergovernmental Affairs (EIG)
Senator Glenn Wakai, Chair
Senator Stanley Chang, Vice Chair

February 9, 2026, 3:00 pm
Conference Room 224
State Capitol
415 South Beretania Street

Chairs Gabbard and Wakai, and Vice Chairs Richards and Chang, and Members of the Committees,

Thank you for the opportunity to provide testimony in **SUPPOR**T of **SB 2376**, Relating to the Renewable Fuels Production Tax Credit. We respectfully urge the Committee to advance this measure with amendments to ensure it fulfills its purpose of effectively supporting Hawaii-based renewable fuel production and providing economic benefits to a broad range of local businesses and sectors. Specifically, we urge you to incorporate the low lifecycle emissions renewable fuels framework as well as other provisions used in SB 2403.

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. SB 2403 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 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.

We urge you to pass this legislation with amendments. 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.

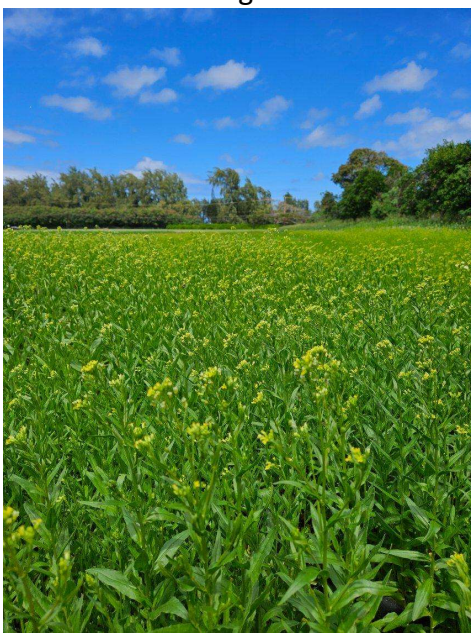
What agricultural lands will be used?

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 various government agencies.

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 1,500 acres in 2027, and 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

TESTIMONY OF TINA YAMAKI, MANAGING DIRECTOR
HAWAII TRANSPORATION ASSOCIATON
FEBRUARY 12, 2026
SB 2376 RELATING TO THE RENEWABLE FUELS PRODUCTION TAX CREDIT.

Aloha Chair Gabbard and Chair Wakai and members of the Senate Committee on Agriculture and the Environment and the Senate Committee on Energy and Intergovernmental Affairs. I am Tina Yamaki, Managing Director of the Hawaii Transportation Association and I appreciate this opportunity to testify.

The Hawaii Transportation Association (HTA Hawaii) was founded in 1938 and incorporated in 1963, and is a private, non-profit trade organization dedicated to the service and assistance to the commercial ground transportation industry in the State of Hawaii. Our members include family owned small and medium sized businesses, independent owner operators, and national motor carriers range from delivery services to passenger carriers - as well as allied industry partners.

The HTA Hawaii supports SB 2376. This measure for taxable years beginning 1/1/2026, clarifies 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; allows taxpayers to be eligible for a separate ten-year credit period for each separate qualified renewable fuels production that independently meets eligibility requirements; and extends the time frame for taxpayers to file certain statements with the Hawai‘i State Energy Office.

This measure clarifies that the Renewable Fuels Production Tax Credit may only be claimed by taxpayers for which qualified renewable fuels production costs are incurred within the State of Hawai‘i and whose renewable fuels are sold for distribution within the State. This ensures that the tax credit directly supports in-state production and advances Hawai‘i’s energy independence and sustainability goals, rather than subsidizing out-of-state activities.

SB 2376 also allows taxpayers to qualify for a separate ten-year credit period for each separate qualified renewable fuels production that independently meets eligibility requirements. This provision appropriately recognizes that renewable fuel projects are often developed in phases or as distinct facilities, and it provides certainty for long-term investment while maintaining clear eligibility standards.

In addition, the bill extends the timeframe for taxpayers to file certain required statements with the Hawai‘i State Energy Office. This added flexibility improves compliance and administrative efficiency, particularly for smaller producers that may have limited staffing and resources.

Of particular importance, SB 2376 helps ensure that smaller, local renewable fuel producers are able to access and benefit from this tax credit. By tying eligibility to in-state production and distribution, and by allowing credits for independently qualifying projects, the bill promotes a more equitable and inclusive renewable fuels market. This supports local businesses, encourages innovation, and strengthens Hawai‘i’s clean energy economy.

Mahalo for this opportunity to testify.

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LEGISLATIVE TAX BILL SERVICE

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417 Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: Renewable Fuels Production Tax Credit; Renewable Fuels Production

BILL NUMBER: SB 2376

INTRODUCED BY: WAKAI, FEVELLA, HASHIMOTO, KIDANI, Elefante, Moriwaki

EXECUTIVE SUMMARY: For taxable years beginning 1/1/2026, clarifies 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. Allows taxpayers to be eligible for a separate ten-year credit period for each separate qualified renewable fuels production that independently meets eligibility requirements. Extends the time frame for taxpayers to file certain statements with the Hawai‘i State Energy Office.

SYNOPSIS: Amends section 235-110.32, HRS, to require qualified renewable fuel production costs to be incurred within the State.

Allows a separate ten-year credit eligibility period for each separate qualified renewable fuels production.

Allows information identifying the specific location of a renewable fuel production facility, or information that is determined to constitute critical energy infrastructure information pursuant to section 215A(d) of the Federal Power Act (16 U.S.C. 824o-1), the disclosure of which could reasonably be expected to jeopardize the security, safety, or operational resilience of critical energy infrastructure, to be treated as confidential and exempt from public disclosure.

Makes technical and conforming amendments.

EFFECTIVE DATE: Taxable years beginning after December 31, 2025.

STAFF COMMENTS: Act 202, SLH 2016, enacted a renewable energy production credit with a five-year life. The credit sunset on December 31, 2021. The credit was revived by Act 16, SLH 2022 with an aggregate cap of $20 million.

While the idea of providing a tax credit to encourage such activities may have been acceptable a few years ago when the economy was on a roll and advocates could point to credits like those to encourage construction and renovation activities, what lawmakers and administrators have learned in these past few years is that unbridled tax incentives, where there is no accountability or limits on how much in credits can be claimed, are irresponsible as the cost of these credits goes far beyond what was ever intended. Instead, lawmakers should encourage alternative energy production through the appropriation of a specific number of taxpayer dollars. The State could directly purchase energy, or it could give a subsidy to developers. Then, lawmakers would have a better idea of what is being funded and hold the developers of these alternate forms of energy

to a deliberate timetable or else lose the funds altogether. A direct appropriation would be preferable to the tax credit as it would: (1) provide some accountability for the taxpayers' funds being utilized to support this effort; and (2) not be a blank check.

Digested: 2/7/2026

HAWAII CLEAN POWER ALLIANCE

TESTIMONY TO THE COMMITTEE ON ENERGY & INTERGOVERNMENTAL AFFAIRS and AGRICULTURE AND ENVIRONMENT

3:00 PM, FEBRUARY 9, 2026

Conference Room 224 & Via Videoconference

SB 2376

Chair Wakai, Chair Gabbard, Vice Chair Fukunaga, Vice Chair Chang and Members of the Committees,

Hawaii Clean Power Alliance (HCPA) **supports** **SB 2376**, clarifies 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. Allows taxpayers to be eligible for a separate ten-year credit period for each separate qualified renewable fuels production that independently meets eligibility requirements. Extends the time frame for taxpayers to file certain statements with the Hawai'i State Energy Office.

S.B. 2376 makes limited refinements to the Renewable Fuels Production Tax Credit to improve clarity, fairness, and investment predictability, while maintaining all existing fiscal guardrails. The bill does not expand the size or scope of the credit. Instead, it ensures the incentive functions as intended by supporting qualifying renewable fuel production that contributes to Hawai'i's energy objectives, economic and jobs outcomes.

The bill incents innovation, diverse technologies and allows multiple investments by experienced producers, improving market certainty and recognizing that renewable fuel projects are developed and financed on an individual project basis. Allowing independently qualifying facilities to access separate credit periods removes a structural disincentive to incremental investment, without increasing per project or statewide caps. This adjustment supports orderly development and fair competition among participants rather than favoring any particular technology, company or business model.

S.B. 2376 also enhances predictability by allowing proportional allocation and carryforward of credits when the statewide cap is reached, reducing arbitrary timing risk while preserving the statutory cap. Administrative updates, including a modest extension of reporting timelines, reflect standard verification practices and maintain transparency while protecting sensitive infrastructure information.

Overall, S.B. 2376 strengthens an existing policy tool without increasing its fiscal impact. It improves program administration, treats applicants equitably, and supports continued private investment aligned with Hawai'i's long-term energy goals, jobs creation and economic development.

For these reasons, we respectfully ask the Committees to **pass S.B. 2376.**

Testimony to The Committee on Energy & Intergovernmental Affairs and Agriculture and Environment
Monday, February 9, 2026, 3:00 PM
Conference Room 224 & VIA videoconference

SB 2376

Chair Wakai, Chair Gabbard, Vice Chair Chang, Vice Chair Richards, and members of the committees,

Hawaii Gas respectfully submits this testimony in **support of SB 2376.**

Hawaii Gas is the state's only regulated gas utility, providing essential energy services to homes, businesses, and critical facilities across all islands. The company is committed to Hawaii's transition to a cleaner, more sustainable energy system by advancing renewable fuels such as renewable natural gas and hydrogen while maintaining the reliable infrastructure needed to keep energy affordable and resilient for Hawaii's communities.

Hawaii Gas strongly supports SB 2376, which clarifies and strengthens the Renewable Fuels Production Tax Credit to allow eligible entities, regardless of location, to access the credit, while recognizing the nexus of in-state activities that generate benefits for Hawai'i's economy and workforce. Additionally, the bill reinforces the State's renewable energy goals while encouraging private investment in diverse types of renewable fuels that can lower the state's carbon emissions. Renewable fuel production investments in Hawaii are in the early and growth stage, especially in energy sectors such as firm, dispatchable generation and direct use energy services. Maintaining this tax credit will help to bolster investments by a variety of participants.

For Hawaii Gas, SB 2376 directly supports ongoing efforts to decarbonize our fuel mix. We are actively expanding renewable natural gas and hydrogen initiatives that can displace imported fossil fuels, lower emissions. This bill removes major disincentives to expansion and reinvestment in new technologies and ventures by clarifying that the credits are project based, while preserving, not increasing the state's economic impacts.

Investments in renewable fuels takes years of planning and commitment and this bill now strengthens the predictability and financing of these projects by reducing the risk of not receiving the tax credit because credits are prorated if the Cap is reached and projects applied for in the later part of the year can carry forward to the following year.

Administratively, extending the reporting requirements from 30 to 90 days recognizes the market realities of engaging a third party to verify data. The infrastructure security protections helps to align with Federal disclosure of critical infrastructure while preserving data transparency.

Hawaii Gas respectfully urges the Committee to pass SB 2376.

Thank you for your consideration.

Testimony of
ALASKA AIRLINES and HAWAIIAN AIRLINES

Before the Senate Committees on
Agriculture and Environment
&
Energy and Intergovernmental Affairs

Thursday, February 12, 2026
3:10 P.M.
Hawai‘i State Capitol, Room 224

In consideration of
SENATE BILL 2376
RELATING TO THE RENEWABLE FUELS PRODUCTION TAX CREDIT

The Honorable Mike Gabbard, Chair of the Committee on Agriculture and Environment
The Honorable Glenn Wakai, Chair of the Committee on Energy and Intergovernmental Affairs
Members of the Senate Committee on Agriculture and Environment & Energy and Intergovernmental Affairs

Re: **Comments on S.B. 2376 Relating to the Renewable Fuels Production Tax Credits**

Chairs Gabbard and Wakai, and members of the joint committee,

Alaska Airlines and Hawaiian Airlines appreciate the opportunity to submit comments on Senate Bill 2376, which seeks to clarify and refine the Renewable Fuels Production Tax Credit (RFPTC). We share the Legislature’s goal of strengthening Hawai‘i’s clean energy economy and reducing transportation emissions, particularly in sectors such as aviation where direct electrification is not feasible at scale.

We respectfully recommend that S.B. 2376 be amended to incorporate key provisions from S.B. 2403, which was specifically designed to address the primary reasons the existing RFPTC has proven difficult to use in practice. Those challenges include credit values that are too low to influence investment decisions, restrictive caps that limit market participation, and a first-come, first-served allocation mechanism that creates uncertainty and disadvantages later-stage projects.

In particular, Alaska Airlines and Hawaiian Airlines recommend the following amendments, consistent with the framework advanced in S.B. 2403:

- Increase the base credit value to better reflect the cost differential between renewable fuels and conventional fossil fuels. Without a meaningful credit value, the RFPTC cannot effectively incentivize in-state production or attract private capital.

- Provide additional credit value for renewable fuels that qualify as sustainable aviation fuel. SAF is currently less profitable for producers than renewable diesel, despite delivering comparable lifecycle emissions reductions. A SAF-specific adder is necessary to level the playing field and ensure the credit supports aviation decarbonization rather than unintentionally favoring other fuel pathways.

- Provide additional credit value for fuels that meet more stringent transportation emissions thresholds, particularly those utilizing local or regional feedstocks. This approach aligns the credit with Hawai‘i’s broader goals of energy security, local agriculture, and supply chain resilience.

- Modify the single-producer cap so that no single producer may claim more than seventy-five percent of the total available annual credit. This change preserves competition while still allowing projects of meaningful scale to move forward.

- Replace the first-come, first-served allocation mechanism with proration when aggregate claims exceed the annual cap. Proration provides predictability, fairness, and bankability for project developers and avoids arbitrary outcomes driven by application timing rather than project merit.

- Establish a clear greenhouse gas emissions threshold for eligibility, limiting the credit to fuels that achieve at least a fifty percent lifecycle emissions reduction compared to conventional fossil fuels. This ensures public dollars are directed only to fuels that deliver real, measurable climate benefits.

- Allow producers that have previously claimed the credit to be eligible for an additional ten-year credit period for new or expanded qualifying production. Long-term certainty is essential for capital-intensive fuel infrastructure investments, particularly in a geographically isolated market like Hawai‘i.

S.B. 2376 takes important steps to clarify and administer the Renewable Fuels Production Tax Credit. Incorporating the targeted, market-responsive provisions of S.B. 2403 would significantly strengthen the bill and better position Hawai‘i to scale sustainable aviation fuel, attract private investment, and reduce transportation emissions in a durable and cost-effective manner**.**

We appreciate the Committee’s consideration and stand ready to work collaboratively on amendments that ensure the RFPTC achieves its intended purpose.

Mahalo for the opportunity to provide comments.

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e-mail info@hfbf.org; www.hfbf.org

February 9, 2026

HEARING BEFORE THE
SENATE COMMITTEE ON ENERGY AND INTERGOVERNMENTAL AFFAIRS
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

TESTIMONY ON SB 2376
RELATING TO THE RENEWABLE FUELS PRODUCTION TAX CREDIT

Conference Room 224 & Videoconference
3:10 PM

Aloha Chairs Wakai and Gabbard, Vice-Chairs Chang and Richards, and Members of the Committees:

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 SB 2376, which strengthens and clarifies the renewable fuels production tax credit, providing greater certainty for in-state renewable fuel production. For agriculture, this credit represents a potential value-added opportunity for locally grown crops, agricultural residues, and byproducts to serve as renewable fuel feedstocks.

Locally grown biofuel feedstocks can provide farmers with additional revenue streams, particularly when cultivated on marginal or underutilized lands. In some cases, these crops may also function as cover crops, contributing to improved soil health, reduced erosion, and more sustainable land management practices while still producing marketable outputs. Integrated systems that utilize agricultural residues and waste streams can further generate co-products such as livestock or aquaculture feed, strengthening both the agricultural and energy sectors while keeping economic activity within Hawai'i.

Market certainty is critical for farmers considering whether to invest in new crops or production systems. Renewable fuel feedstock production requires forward planning, acreage commitments, and long-term agreements. The tax credit must provide a sufficiently strong and predictable market signal to support participation at the farm level. As this measure moves forward, we encourage continued collaboration to ensure the

credit structure meaningfully supports in-state agricultural production and aligns with Hawai‘i’s cost environment.

Renewable fuel opportunities can complement agriculture, but only if viable agricultural operations are able to persist and grow. Continued attention to land access, water availability, labor, invasive species pressures, transportation costs, and energy costs remains essential to ensuring that agriculture can fully participate in Hawai‘i’s renewable energy future.

Thank you for the opportunity to provide testimony.

SB-2376
Submitted on: 2/6/2026 2:29:30 PM
Testimony for EIG on 2/12/2026 3:10:00 PM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

STRONG SUPPORT

SENATE
THE THIRTY-THIRD LEGISLATURE
REGULAR SESSION OF 2026

COMMITTEE ON AGRICULTURE AND ENVIRONMENT
Senator Mike Gabbard, Chair
Senator Herbert M. "Tim" Richards, III, Vice Chair

COMMITTEE ON ENERGY AND INTERGOVERNMENTAL AFFAIRS
Senator Glenn Wakai, Chair
Senator Stanley Chang, Vice Chair

HEARING

DATE: February 12, 2026
TIME: 3:10 PM
PLACE: VIA VIDEOCONFERENCE
Conference Room 430

Public commentor: Ted Metrose (independent) Position: **In Support**

SB2376 – Amends and substantially expands the Renewable Fuel Production Tax Credits (RFPTC) for renewable fuels including sustainable aviation fuel which are produced either within or from outside the State.

Companion House Bill: None

Synopsis

For taxable years beginning 1/1/2026, clarifies 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. Allows taxpayers to be eligible for a separate ten-year credit period for each separate qualified renewable fuels production that independently meets eligibility requirements. Extends the time frame for taxpayers to file certain statements with the Hawai‘i State Energy Office

Commentary and Proposed Amendments

I am in support of the amendment to the renewable fuel production tax credit (RFPTC) proposed by SB2376. The proposed changes are reasonable and superior to other bills which have been introduced to provide tax credits for renewable fuels (HB1694, HB1695, SB2403, SB2375 and SB 2027, the last two of which are identical).

Provided below are some additional comments and suggestions for additional amendments that would further enhance SB2376 or any final version of the RFPTC.

- Consistent with the objectives of SB 2376, the city, state, territory and country of origin of feedstocks used for each fuel category or fuel types should be submitted as part of the claim on credits. Both Par Hawaii and Pacific Biodiesel made grand claims about using local supply of renewable feedstocks, but (almost unbelievably) that is not part of the reporting or prequalification criteria. Likewise, the State report to the legislature should also include a summary of the source of supply (in-State or out-of-State) and the nature of source - from which crops/trees or waste stream. While the State may be hard pressed to mandate that feedstock be sourced exclusively from Hawaii, it has every right to know exactly how much is coming from outside the State, particularly as additional expansion of the tax credits are requested with hope and promise of using local supply.

- Over a 4-year period Pacific Biodiesel imported 68% of their feedstocks from the West Coast. The legislature did not hear one word from Pacific Biodiesel about out-of-state sourcing in their reoccurring appeals for more tax credits from the State. Instead, the legislature is just lucky to learn about the source of supply through reports prepared by HECO who are required to disclose that information for the PUC. The source of feedstock was also not covered/reported by HSEO in the required report because that "little detail" is not currently specified by HRS 235-110.32. Similarly, and as reflected in the joint press release, both of Par's partners (Mitsubishi and ENEOS) are anxious to provide feedstocks and optimize the sourcing of feedstocks and yet the only testimony provided by Par Hawaii is on developing a local supply of feedstocks with affiliate Pono Pacific. The State should know all about sourcing, particularly, before endorsing any further expansion of the RFPTC which has been conveyed (sold) by its advocates as means of sparking agriculture interests throughout the State. See prior testimony from advocates for tax credits for renewable fuels. EET-GVO DEFER, EET, EET Public Hearings 2-06-2024

- Even though sustainable aviation fuel is not specifically listed, it qualifies as renewable fuel under HRS 235-110.32. Tax credits for SAF should only be approved and issued when SAF is used on interstate flights. Adding this constraint will help ensure that more of Hawaii's tax dollars stay in Hawaii and they are utilized to advance the State priorities for transportation fuels as set forth in HRS 225P-8. The airlines, Par Hawaii Refining and it partners want the State to pay for SAF, but the State legislative and executive branch is quite reasonably trying to shift some of burden of the energy transition to tourist, and visitors. While taxpayers will still pay to subsidize the production SAF, at least the cost of using renewable fuels on interstate travel will be somewhat (slightly) less than it would be otherwise. In prior hearings Senator Waikai has made this point, and it is good one. Building on that point on February 6, 2024, Senator Felleva, also suggest that adding an in-State use prerequisite to tax credits for SAF tax credits would help the State return some tax revenues through the collection of excise taxes on its sale. Senator Felleva expressed frustration that previously authorized tax credits for genetically modified crops more specifically their seeds, did not benefit the State, as they were sold out outside the State.(I believe the program was suspended.)

- Particularly since claims for tax credits for renewable fuels is nearly certain be oversubscribed in 2026 and beyond and assuming that HDOT continues to assert that Navahine settlement extends the scope of State's responsibilities well its boundaries and beyond those specified in HRS 225P-8 , once emissions from interisland travel has been addressed to the fullest extent possible, tax credits for SAF could be extended to interstate travel. However, that consideration should be reserved for a future legislative session. The heavy reliance on SAFas part HDOT GHG reduction plan for transportation, should not undermine the legislature authority to specify how public funds should be prioritized. It would seem a consensus should be reached on directing public funds to transportation fuels which are used within the State over those which are used in transpacific transit.

- The current RFPTC states: *"No other tax credit may be claimed under this chapter for the costs incurred to produce the renewable fuels that are used to properly claim a tax credit under this section for the taxable year."* Particularly because there has been interest in creating a separate or more robust tax credit for SAF, serious consider should be given to explicitly stating a taxpayer can only claim a tax credit for the same product SAF under one section of this chapter. As evidenced by HB1694, SB2027 and SB2375 because it advocates for SAF keep pressing for a higher per gallon credit and aggregate values for SAF than other renewable fuels, I suggest that SAF be explicitly and intentionally excluded from the RFPTC section 235-110.32. As mentioned previously, even if the RFPTC is left unaltered SAF would qualify for the RFPTC. That creates all sorts of confusion if a tax credit exclusive for SAF is established by the legislation. Given the seeming strong interest in having a dedicated tax credit for just SAF, the RFPTC should be revised to reflect that SAF and alternative jet fuel do not qualify as renewable fuel under the provisions of the RFPTC. If segregations of the tax credit for SAF cannot be segregated from other renewable fuels, then certainly the credit value for SAF should be the same wherever it is provided in HRS 235. There is

no good rationale for different credit levels, qualifying criteria or attributes for the same material and yet a dichotomy has already been proposed.

- If the entire tax credit program for just SAF could be more effectively managed and assured if the tax credit for SAF was given to airlines who uplift SAF in Hawaii. That would help eliminate Par's Hawaii Refinning on-going threat of shipping SAF and other renewable fuels to the west coast, the value of the tax credits or the aggregate amount of credits is considered insufficient Allowing the airline to claim tax credits, use Hawaii's remote location to its advantage and provides a greater assurance that any credits claimed will be used within the State and ideally on interisland travel as a first priority.

- As recommended by the HSEO the current base tax for the "renewable fuels production tax credit during the ten-year credit period shall be equal to [20] cents per seventy-six thousand British thermal units of renewable fuels" should be updated or deleted because ethanol production is no longer a relevant goal or Standard. The proposed credit should listed in terms of $/gal and based on equivalence with traditional diesel based on lower heating value LHV of 129,000 BTU/gal because that is the fuel that will be most widely replaced by renewable fuels.

- As explicitly recommended by DOTAX, to limit abuse the tax credits should be made non-refundable. Last year on February 12, 2025 for HB976 which also proposed amendments to the RFPTC, DOTAX recommended *"making the sustainable aviation fuel import tax credit nonrefundable, as refundable credits are more susceptible to fraud and abuse."* Even if DOTAX may have neglected to reiterate that recommendation, this safeguard is merited and should be taken up this year. Carry over provisions for the tax credits sound reasonable, but consideration should be given to what happens when the credit period is up. Does the legislature have to fund (extend) tax credits that have been carried over beyond the planned end date. If tax credits are allowed to be carried over they should not be allowed beyond the date of the authorized credit period.

- The State tax credits should be contingent upon having a satisfactory tax history, just as the IRS established as a procedural perquisite for the 45Z clean fuel tax credits. N-2025-10 DOTAX should have more explicit authority to reject claims for renewable fuel tax credits. Before endorsing and issuing tax credits to Par Hawaii Refining and it partners DOTAX should have the authority to review Par Hawaii Refining tax history particularly in light of the of the quit tam case 1CCV1-21-0000632 that State has intervened as previously reported by Civil Beat. Unlike the federal tax credit to produce clean transportation fuels imposed, the current RFPTC does not give that explicit authority to DOTAX. It should be revised accordingly.

HONOLULU CITY COUNCIL
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February 12, 2026

LATE

Senate Committee on Agriculture and Environment
Senator Mike Gabbard, Chair
Senator Herbert M. "Tim" Richards, III, Vice Chair

Senate Committee on Energy and Intergovernmental Affairs
Senator Glenn Wakai, Chair
Senator Stanley Chang, Vice Chair

RE: Testimony in Support of SB 2376

Chair Gabbard, Chair Wakai, Vice Chair Richards, Vice Chair Chang, and Committee Members,

I am writing in **support** of **SB 2376**, which would update the Renewable Fuels Production Tax Credit to further incentivize the production of renewable fuels in Hawai'i.

By updating the Renewable Fuels Production Tax Credit, the state would demonstrate its commitment to the *Navahine v. HDOT* climate settlement by providing a financial mechanism to support the production of renewable fuels such as sustainable aviation fuel 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 measure offers a realistic and scalable pathway to decarbonize transportation while strengthening local economic resilience and supporting Hawai'i-based jobs and agriculture.

I would respectfully ask the committees to further support our growing local renewable fuels market by considering amendments proposed by the Hawai'i Renewable Fuels Coalition to (1) increase the tax credit, (2) increase the annual cap per producer, and (3) prioritize local production.

Thank you for the opportunity to submit testimony on this matter.

Respectfully,

Matt Weyer
Councilmember, District 2
Honolulu City Council