

STAND. COM. REP. NO. 1056-22

Honolulu, Hawaii

MAR 17 , 2022

RE: S.B. No. 2478
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committees on Energy & Environmental Protection and Economic Development, to which was referred S.B. No. 2478, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose of this measure is to reinstate the renewable fuels production tax credit.

Your Committees received testimony in support of this measure from the Hawaii State Energy Office; ILWU Local 142, Hawaii Longshore Division; Hawai'i Farm Bureau; Par Hawaii; Pacific Biodiesel Technologies; Hawai'i Gas; Hawaii Clean Power Alliance; Biotechnology Innovation Organization; and numerous individuals. Your Committees received testimony in opposition to this measure from 350Hawaii.org, Environmental Caucus of the Democratic Party of Hawai'i, and three individuals. Your Committees received comments on this measure from the Department of Budget and Finance, Department of Taxation, Pet Food Institute, Tax Foundation of Hawaii, Hawaii Forest Stewards, Climate Protectors Hawai'i, and two individuals.

Your Committees find that renewable fuels provide lower-cost alternative fuels for residential, commercial, and industrial

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customers. Your Committees further find that to support the use of renewable fuels, Act 202, Session Laws of Hawaii 2016, was enacted to establish a renewable fuels production tax credit; however, this tax credit has since been repealed. Your Committees believe that the importance of producing renewable fuel merits reinstating the renewable fuels production tax credit.

Your Committees have amended this measure by:


- (1) Deleting its contents and inserting the contents of H.B. No. 1809, H.D. 3 (Regular Session of 2022), a substantially similar measure that:
 - (A) Establishes a renewable fuels production tax credit;
 - (B) Specifies certain responsibilities for the Hawaii State Energy Office related to the tax credit; and
 - (C) Takes effect on July 1, 2100;
- (2) Inserting an annual dollar amount of the renewable fuels production tax credit during the ten-year credit period of 20 cents per seventy-six thousand British thermal units of renewable fuels using the lower heating value produced for distribution in the State;
- (3) Specifying a timeline for the Hawaii State Energy Office to review the information to certify renewable fuels production tax credits;
- (4) Inserting an annual aggregate cap on the renewable fuels production tax credit of \$3,000,000;
- (5) Specifying requirements and a timeline for a taxpayer to provide information necessary for certification of the renewable fuels production tax credit;
- (6) Specifying that the information collected and compiled by the Hawaii State Energy Office for the purposes of the renewable fuels production tax credit shall be kept confidential, under certain conditions;
- (7) Clarifying the definition of "renewable feedstocks";



- (8) Specifying that the renewable fuels production tax credit shall apply to taxable years after December 31, 2022; and
- (9) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Energy & Environmental Protection and Economic Development that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2478, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2478, S.D. 2, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committees on Energy &
Environmental Protection and
Economic Development,



SEAN QUINLAN, Chair



NICOLE E. LOWEN, Chair



