

STAND. COM. REP. NO. 1264-24

Honolulu, Hawaii

MAR 21, 2024

RE: S.B. No. 3360  
S.D. 1  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred S.B. No. 3360, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE FUEL,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Increase the dollar amount of the Renewable Fuels Production Tax Credit;
- (2) Amend the maximum amount of the tax credit that can be claimed by a taxpayer;
- (3) Establish an additional tax credit for renewable fuels produced from renewable feedstock locally grown or recycled in the State and an additional tax credit for renewable fuels produced with lifecycle greenhouse gas emissions at least seventy-five percent below that of fossil fuels;
- (4) Amend the credit period and reset taxpayers' ability to claim credits, if they already claimed credits, for taxable years beginning after December 31, 2023; and

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- (5) Amend the maximum total amount of tax credits allowed for all eligible taxpayers in a calendar year.

Your Committee received testimony in support of this measure from the Biotechnology Innovation Organization; Hawai'i Farm Bureau; Hawai'i Forest Industry Association; Par. Hawaii; Pono Pacific; Pacific Biodiesel; and two individuals. Your Committee received testimony in opposition to this measure from the Department of the Attorney General and one individual. Your Committee received comments on this measure from the Department of Taxation; Hawaii State Energy Office; Tax Foundation of Hawaii; Airlines for America; and Hawaiian Airlines.

Your Committee finds that the State must incentivize the production of locally sourced, firm renewable energy in order to meet its renewable portfolio standards. This measure would address this need by establishing additional tax credits for certain renewable fuel production practices.

Your Committee has amended this measure by:

- (1) Reinstating the dollar amount of 20 cents per 76,000 British thermal units for the renewable fuels productions tax credit;
- (2) Converting the dollar amount per gallon for the additional credit for renewable fuels produced from certain types of renewable feedstock to 15 cents per 76,000 British thermal units and clarifying that the additional credit includes sustainable aviation fuels;
- (3) Deleting the additional tax credit for renewable fuels produced with lifecycle greenhouse gas emissions at least seventy-five percent below that of fossil fuels but clarifying that the renewable fuels production tax credit shall only be claimed for production of a renewable fuel with lifecycle greenhouse gas emissions at least seventy-five percent below that of the fossil fuel most likely to be replaced by that renewable fuel;
- (4) Clarifying that a taxpayer who previously claimed the renewable fuels production tax credit for taxable years beginning before January 1, 2024, is eligible to claim



the credit for a single credit period for taxable years beginning after December 31, 2023;

- (5) Amending the definition of "lifecycle greenhouse gas emissions" to include certain emissions values;
- (6) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3360, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3360, S.D. 1, H.D. 1, and be referred to your Committee on Finance.

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



NICOLE E. LOWEN, Chair



