



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

DAVID Y. IGE
GOVERNOR

SCOTT J. GLENN
CHIEF ENERGY OFFICER

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

Telephone:
Web:

(808) 587-3807
energy.hawaii.gov

Testimony of
SCOTT J. GLENN, Chief Energy Officer

before the
SENATE COMMITTEE ON WAYS AND MEANS

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State Capitol, Conference Room 211 & Videoconference

**SUPPORT
SB 2478, SD1
RELATING TO TAXATION.**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee, the Hawai'i State Energy Office (HSEO) supports SB 2478, SD1, which reinstates the renewable fuels production tax credit.

HSEO's testimony is guided by its mission to promote energy efficiency, renewable energy, and clean transportation to help achieve a resilient, clean energy, decarbonized economy.

Renewable fuels provide local jobs and economic benefits in both the energy and agricultural sectors and can also provide value-added products including food and cosmetics, among others that support economic diversification for Hawaii. HSEO managed the certification of the previous renewable fuels production tax credit.¹

SB 2478, SD1, is structured similarly to the previous statute, and importantly includes provisions for the taxpayer to provide an independent third-party certified statement, establishes deadlines for steps in the certification process, and establishes an approach in the case of the cap being exceeded in any given year.

¹ The renewable fuels production tax credit, HRS 235-110.31, effective for the five year period between January 1, 2017 and December 31, 2021, was established by [Act 202, session Laws of Hawai'i 2016](#), amended by [Act 142, Session Laws of Hawaii 2017](#) and further amended by [Act 143, Session Laws of Hawai'i 2018](#).

SB 2478, SD1 refers to the Department of Business, Economic Development, and Tourism (DBEDT) as the administrator of the credit. As the previous credit was administered by the Hawaii State Energy Office, formerly a Division of DBEDT, but in 2019 made an attached agency to DBEDT,² HSEO recommends that references to “Department of Business, Economic Development and Tourism” be replaced with references to the “Hawaii State Energy Office” and references to the “Director of Business, Economic Development and Tourism” be replaced with “Chief Energy Officer,” if the Legislature desires to reinstate a similar system for certification of the renewable fuels production tax credit.

HSEO defers to the appropriate agencies on matters relating to tax administration and budget concerns.

Thank you for the opportunity to testify.

² [Act 122, Session Laws of Hawaii 2019](#).