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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Thursday, February 19, 2026
9:45 AM
State Capitol, Conference Room 325 and Videoconference

Providing Comments on
HB 1695, HD1

RELATING TO RENEWABLE FUEL.

Chair Lowen, Vice Chair Perruso, and Members of the Committee, the Hawai'i State Energy Office (HSEO) offers comments on HB 1695, HD1, which expands the renewable fuels production tax credit (RFPTC), Section 235-110.32, Hawai'i Revised Statutes, by adding an additional credit value of one dollar (\$1.00) per diesel gallon equivalent for low lifecycle emissions renewable fuels; and adding an additional credit value equal to \$1.00 per gallon if the renewable fuel is sustainable aviation fuel.

HSEO appreciates the intent of the bill and recognizes the critical importance of reducing greenhouse gas (GHG) emissions in the transportation sector and aviation subsector. However, HSEO cautions that the design of incentive programs must be carefully calibrated to ensure they deliver substantive, verifiable emissions reductions with an appropriate and quantifiable value to the public.

In the 2023 Pathways to Decarbonization Report to the Legislature, HSEO identified low-carbon fuels as a potentially important tool for reducing emissions in hard-to-electrify sectors. However, the analysis also emphasized that the climate benefits of alternative fuels are highly dependent on robust lifecycle GHG accounting, transparent verification methodologies, and strong safeguards against over-crediting fuels that deliver marginal or uncertain emissions reductions.

HSEO further notes that the proposed expansion and removal of the individual taxpayer or single producer claim cap could disproportionately benefit a limited number of producers or fuel pathways, while placing the fiscal burden on the general taxpayer. The bill risks functioning as a broad subsidy rather than a targeted, cost-effective climate policy tool.

While HSEO appreciates that this bill does not alter the existing \$20 million aggregate program cap, the removal of the per-taxpayer cap of \$3,500,000 per taxable year (page 5, lines 12-16) allows a single taxpayer to claim a substantially larger share of the available credit. Under the "single producer cap" definition, as written, and assuming a \$20 million program cap, seventy-five percent (75%) of the aggregate cap (page 14, lines 18-19) equates to \$15 million, meaning a single producer could potentially capture a large share of available credits in a given year.

HSEO supports the additional lifecycle greenhouse gas threshold criteria, as amended in Section 235-110.32(o), HRS (pages 11–14). However, the proposed amendments to Section 235-110.32(d)(3), HRS, would effectively remove HSEO's obligation to determine whether a producer's lifecycle greenhouse gas emissions meet the threshold criteria established. Absent this verification role, producers would, in practice, self-certify the lifecycle greenhouse gas reductions reported in their applications. HSEO therefore recommends clarifying statutory language to ensure that the agency's responsibility to review and verify submitted lifecycle greenhouse gas emissions information remains intact.

Finally, HSEO recommends adding additional language to ensure the fuels receiving the tax credit remain in the state. Accordingly, HSEO suggests that language be added to the definition of renewable fuels, page 13, line 20.

"Renewable fuels" means fuels produced from renewable Feedstocks; provided that the fuel:

- (1) Is sold and consumed as a fuel in the State.

Thank you for the opportunity to testify.