

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

GLORIA CHANG  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**  
TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEES ON ENERGY, ECONOMIC DEVELOPMENT, AND  
TOURISM AND AGRICULTURE AND ENVIRONMENT  
ON  
SENATE BILL NO. 3325

**February 14, 2022**  
**3:00 p.m.**  
**Room 224 and Videoconference**

RELATING TO CARBON SEQUESTRATION INCENTIVES

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill No. 3325 adds a new part to Chapter 193, HRS, that establishes the Hawai'i Farmland and Forest Soil Health Carbon Smart Incentive Program (program) under the Hawai'i Green Infrastructure Authority (HGIA) to promote carbon sequestration activities through incentives contracts that provide for compensation eligible practices by program participants; appropriates an unspecified amount of general funds in FY 23 for HGIA to establish 5.00 positions for the program and fund operating costs; appropriates an unspecified amount of general funds in FY 23 to the Department of Agriculture to establish 1.00 position to provide support for the program; and appropriates an unspecified amount of general funds in FY 23 to the Department of Land and Natural Resources to establish 1.00 position to provide support for the program.

B&F notes that, with respect to the general fund appropriations in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that

states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.



DAVID Y. IGE  
GOVERNOR

GWEN S. YAMAMOTO LAU  
EXECUTIVE DIRECTOR

## HAWAII GREEN INFRASTRUCTURE AUTHORITY

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
Website: gemshawaii.gov

Telephone: (808) 587-3868  
Fax: (808) 587-3896

Testimony of  
**Gwen Yamamoto Lau**  
**Executive Director**

before the

**SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT & TOURISM and  
COMMITTEE ON AGRICULTURE AND ENVIRONMENT**

Monday, February 14, 2022

Time: 3:00 P.M.

State Capitol, Conference Room No. 224 & Videoconference

In consideration of  
**SENATE BILL NO. 3325**  
**RELATING TO CARBON SEQUESTRATION INCENTIVES**

Chairs Wakai and Gabbard, Vice Chairs Misalucha and Nishihara, and Members of the Committees on Energy, Economic Development & Tourism and Agriculture and Environment:

Thank you for the opportunity to testify and offer comments on Senate Bill 3325, relating to carbon sequestration incentives. This bill proposes to establish the Hawaii Farmland & Forest Soil Health Carbon Smart Incentive Program (“Program”), to be administered by the Hawaii Green Infrastructure Authority (“HGIA”), in collaboration with the Departments of Land and Natural Resources and Agriculture. HGIA **supports** this bill.

Through its work financing clean energy infrastructure, HGIA has been actively contributing to the State’s efforts in addressing the problem of climate change. The Program will encourage and incentivize local food producers to implement resilient practices that improves soil health and water security by providing technical support to land managers on implementing climate smart practices that restore and/or maintain soil health in forests and working agricultural lands.

This bill leverages the strengths of the Department of Agriculture (“DoA”), the Department of Land and Natural Resources (“DLNR”) and HGIA, with DoA and DLNR providing technical expertise and HGIA providing fiscal oversight and fund management of the Program.

HGIA respectfully requests that the following changes be incorporated into the bill:

Page 2, beginning on line 18: Eligible land" means land in the State that is privately owned or public land that is leased ~~[to]~~ or managed by a private citizen at the time of initiation of an incentives contract.

Page 6, beginning on line 1: (3) Coordinate with relevant agencies to establish ~~[Establish]~~ and implement protocols that provide monitoring and verification of compliance with the term of incentives contracts;

Page 6, beginning on line 7: (5) Coordinate with relevant agencies to identify ~~[Identify]~~, evaluate, and distribute dedicated funds to accomplish the purposes of the program;

Page 6, beginning on line 17: (a) The authority, with assistance from relevant shall establish [~~compensation rates and~~] incentives contract terms [~~for phase I activities~~] within one year of the date of receipt of a program application. An incentives contract shall be for a term of no less than one year and no more than thirty years as determined by the owner, land manager or lessee; provided that the length of the contract term shall directly correlate with the funded activities [~~rate of compensation~~] paid pursuant to the contract.

Page 7, beginning on line 10: (2) [~~Conducting research to develop technical underpinning of compensation rates for phase II activities;~~] [(3)] Conducting community and landowner outreach activities; and

Page 7, beginning on line 14: [~~(4)~~] (3) Establishing the reviewing committee established under section 196-D for project applications and reports.

Page 7, beginning on line 16: **§196-D Reviewing committee; report.** (a) The chairperson of the authority, or the chairperson's designee, shall establish and serve as the chairperson of a reviewing committee to review program applications. That shall include but is not limited to:

- (1) The chairperson of the board of land and natural resources or the chairperson's designee, who shall serve as the chairperson of the commission;
- (2) The director of agriculture or the director's designee;
- (3) Up to two representatives from the Native Hawaiian community who have expertise in natural and working lands, the protection, restoration, care, and interpretation of Native Hawaiian cultural resources, who shall be invited by the chairperson;

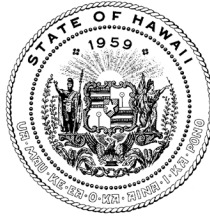
Page 8, beginning on line 11: **§196-E Eligibility.** Landowners, land managers, and lessees of eligible land shall be eligible for the program upon submission of a program application prepared by the authority, to enter into an incentives contract. An owner or manager of eligible land currently engaged in eligible practices shall not be barred from entering into an incentives contract under this part to continue carrying out eligible practices. An owner, land manager, or lessee shall not be prohibited from participating in the program due to participation of the owner or lessee in other federal or state conservation assistance programs. Conservation easements shall not be required for eligibility in the program.

Page 9, beginning on line 5:

- (2) Provide co-benefits to the State and owner, land manager or lessee of eligible land;
- (3) Have the potential to create jobs in the forestry or agriculture sectors, and in rural communities; [~~and~~]
- (4) Achieve community priorities including food security or watershed protection; and
- (5) Are located in or provide services to historically disadvantaged and underserved communities.

Thank you for this opportunity to testify and offer comments in support of SB 3325.

DAVID Y. IGE  
GOVERNOR OF  
HAWAII



SUZANNE D. CASE  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

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LAND  
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STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES

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Testimony of  
SUZANNE D. CASE  
Chairperson

Before the Senate Committees on  
AGRICULTURE AND ENVIRONMENT  
and  
ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Monday, February 14, 2022  
3:00 PM

State Capitol, Conference Room 224, Via Videoconference

In consideration of  
SENATE BILL 3325  
RELATING TO CARBON SEQUESTRATION INCENTIVES

Senate Bill 3325 proposes to establish the Hawaii Farmland and Forest Soil Health Carbon Smart Incentive Program (Program) to incentivize carbon sequestration activities through compensation for eligible practices and appropriate funds for positions and for administering the Program. The bill also proposes to require the Department of Land and Natural Resources (Department) to: 1) Identify and prioritize selected soil health and carbon positive activities; 2) Recommend compensation rates and contract terms for eligible phase I activities; 3) Assist in estimating sequestration rates for carbon positive practices; 4) Serve on the reviewing committee for project applications and reports; 5) Research and develop the technical underpinning of compensation rates for phase II eligible practices; and 6) Conduct community and landowner outreach activities. **The Department supports this bill and offers comments.**

The State of Hawaii's commitment to uphold the Paris Climate Accord and progressive move towards zero emissions clean economy by 2045 requires that we actively invest in reducing our emissions and mitigate greenhouse gases (primarily carbon dioxide - CO<sub>2</sub>). Agriculture, Forests and other Land Uses (AFLOU) are currently the State's only carbon sink. Investing in carbon positive actions such as afforestation, reforestation, soil carbon sequestration, or local organic plant food production is one of the most effective ways to start mitigating our carbon footprint.

The Department recognizes that small land managers play a significant role in managing natural and working lands but often operate on small profit margins. Providing incentives to land managers will allow them to make changes on their lands to increase carbon sequestration and

improve healthy soils to help the state meet food security and carbon emission goals. Additional funding for the State's watershed partnership program that provides landscape-level, cross-boundary forest protection and restoration is also essential to significantly accelerate carbon sequestration rates.

The Department proposes the following amendment to page 2, line 19 so that private land managers with agreements to work on private and State lands are also eligible for funding.

§196-A Definitions. As used in this part:

"Authority" means the Hawaii green infrastructure authority established pursuant to section 196-63.

"Eligible land" means land in the State that is privately owned or public land that is leased [~~to~~] or managed by a private citizen at the time of initiation of an incentives contract.

The Department proposes the following amendment to page 6, lines 1-8, to ensure that the Hawaii Green Infrastructure Authority has sufficient technical support for the program.

§196-B Hawaii farmland and forest soil health carbon smart incentive program; established. (a) There is established within the authority the Hawaii farmland and forest soil health carbon smart incentive program to incentivize carbon sequestration activities through incentives contracts that provide for compensation for eligible practices by program participants.

(b) The authority shall administer the program and shall:

- (1) Administer or enter into an agreement or agreements for the administration of the program;
- (2) Coordinate with relevant agencies to provide owners and lessees of eligible land financial incentive payments for eligible practices over a designated period, with appropriate crediting for soil health and carbon benefits as specified through an incentives contract;

- (3) [~~Establish~~] Coordinate with relevant agencies to establish and implement protocols that provide monitoring and verification of compliance with the term of incentives contracts;
- (4) Make available to the public any modeling, methodology, or protocol resources developed to estimate sequestration rates of potential projects;
- (5) [~~Identify,~~] Coordinate with relevant agencies to identify, evaluate, and distribute dedicated funds to accomplish the purposes of the program;
- (6) Coordinate collaborations for soil health and carbon sequestration modeling, methods, and inventory improvements; and
- (7) Directionally correct movement: heading in the right direction for climate, focusing on multiple co-benefits, and overcoming barriers to entrance into implementation of practices of interest.

The Department proposes the following amendments to page 6, lines 18-19, and page 7, lines 1-15, to allow for flexibility in the program with the understanding that not all lands are the same and costs cannot be standardized.

§196-C Program assistance; contract terms and compensation rates. (a) The authority, with assistance from relevant agencies, shall establish [~~compensation rates and~~] incentives contract terms [~~for phase I activities~~] within one year of the date of receipt of a program application. An incentives contract shall be for a term of no less than one year and no more than thirty years as determined by the owner, land manager or lessee; provided that the length of the contract term shall directly correlate with the [~~rate of compensation~~] funded activities paid pursuant to the contract.

- (b) The authority shall coordinate with relevant agencies

to assist the authority in carrying out the purposes of the program, including:

- (1) Estimating sequestration rates for phase I and phase II activities;
- (2) ~~[Conducting research to develop technical underpinning of compensation rates for phase II activities;~~
- ~~(3)]~~ Conducting community and landowner outreach activities; and
- ~~(4)~~ (3) Establishing the reviewing committee established under section 196-D for project applications and reports.

The Department proposes the following amendments to page 7, line 19 to ensure that HGIA has sufficient technical support for the program.

§196-D Reviewing committee; report. (a) The chairperson of the authority, or the chairperson's designee, shall establish and serve as the chairperson of a reviewing committee to review program applications. That shall include but is not limited to:

- (1) The chairperson of the board of land and natural resources or the chairperson's designee, who shall serve as the chairperson of the commission;
- (2) The director of agriculture or the director's designee;
- (3) Up to two representatives from the Native Hawaiian community who have expertise in natural and working lands, the protection, restoration, care, and interpretation of Native Hawaiian cultural resources, who shall be invited by the chairperson;

(b) The reviewing committee shall submit a report to the legislature no later than twenty days prior to the convening of the regular session of 2023 and each regular session thereafter that contains:

- (1) An estimate of annual and cumulative reductions



achieved as a result of the program, determined using standardized measures, including measures of economic efficiency;

- (2) A summary of any changes to the program made as a result of program measurement, monitoring, and verification; and
- (3) The total number of acres enrolled in the program.

The Department proposes the following amendments to page 8, lines 11-17 to ensure all land managers are eligible.

§196-E Eligibility. Landowners, land managers, and lessees of eligible land shall be eligible for the program upon submission of a program application prepared by the authority, to enter into an incentives contract. An owner or manager of eligible land currently engaged in eligible practices shall not be barred from entering into an incentives contract under this part to continue carrying out eligible practices. An owner, land manager, or lessee shall not be prohibited from participating in the program due to participation of the owner or lessee in other federal or state conservation assistance programs. Conservation easements shall not be required for eligibility in the program.

The Department proposes the following amendments to page 9, lines 5-10 to ensure equity is built into the program.

§196-F Priority of carbon positive activities; benefits.

(a) Priority eligibility shall be given to phase I and phase II activities that:

- (1) Are cost effective;
- (2) Provide co-benefits to the State and owner, land manager or lessee of eligible land;
- (3) Have the potential to create jobs in the forestry or

- agriculture sectors, and in rural communities; ~~and~~
- (4) Achieve community priorities including food security or watershed protection<sup>7</sup>~~[-]~~; and
- (5) Are located in or provide services to historically disadvantaged and underserved communities.

Thank you for the opportunity to comment on this measure.

DAVID Y. IGE  
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Monday, February 14, 2022  
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In consideration of  
SENATE BILL 3325  
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Senate Bill 3325 proposes to establish the Hawaii Farmland and Forest Soil Health Carbon Smart Incentive Program (Program) to incentivize carbon sequestration activities through compensation for eligible practices and appropriate funds for positions and for administering the Program. The bill also proposes to require the Department of Land and Natural Resources (Department) to: 1) Identify and prioritize selected soil health and carbon positive activities; 2) Recommend compensation rates and contract terms for eligible phase I activities; 3) Assist in estimating sequestration rates for carbon positive practices; 4) Serve on the reviewing committee for project applications and reports; 5) Research and develop the technical underpinning of compensation rates for phase II eligible practices; and 6) Conduct community and landowner outreach activities. **The Department supports this bill and offers comments.**

The State of Hawaii's commitment to uphold the Paris Climate Accord and progressive move towards zero emissions clean economy by 2045 requires that we actively invest in reducing our emissions and mitigate greenhouse gases (primarily carbon dioxide - CO<sub>2</sub>). Agriculture, Forests and other Land Uses (AFLOU) are currently the State's only carbon sink. Investing in carbon positive actions such as afforestation, reforestation, soil carbon sequestration, or local organic plant food production is one of the most effective ways to start mitigating our carbon footprint.

The Department recognizes that small land managers play a significant role in managing natural and working lands but often operate on small profit margins. Providing incentives to land managers will allow them to make changes on their lands to increase carbon sequestration and

improve healthy soils to help the state meet food security and carbon emission goals. Additional funding for the State's watershed partnership program that provides landscape-level, cross-boundary forest protection and restoration is also essential to significantly accelerate carbon sequestration rates.

The Department proposes the following amendment to page 2, line 19 so that private land managers with agreements to work on private and State lands are also eligible for funding.

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The Department proposes the following amendment to page 6, lines 1-8, to ensure that the Hawaii Green Infrastructure Authority has sufficient technical support for the program.

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- (3) [~~Establish~~] Coordinate with relevant agencies to establish and implement protocols that provide monitoring and verification of compliance with the term of incentives contracts;
- (4) Make available to the public any modeling, methodology, or protocol resources developed to estimate sequestration rates of potential projects;
- (5) [~~Identify,~~] Coordinate with relevant agencies to identify, evaluate, and distribute dedicated funds to accomplish the purposes of the program;
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to assist the authority in carrying out the purposes of the program, including:

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- (3) [~~Establish~~] Coordinate with relevant agencies to establish and implement protocols that provide monitoring and verification of compliance with the term of incentives contracts;
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- (5) [~~Identify,~~] Coordinate with relevant agencies to identify, evaluate, and distribute dedicated funds to accomplish the purposes of the program;
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- (7) Directionally correct movement: heading in the right direction for climate, focusing on multiple co-benefits, and overcoming barriers to entrance into implementation of practices of interest.

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- (b) The authority shall coordinate with relevant agencies

to assist the authority in carrying out the purposes of the program, including:

- (1) Estimating sequestration rates for phase I and phase II activities;
- (2) ~~[Conducting research to develop technical underpinning of compensation rates for phase II activities;~~
- ~~(3)]~~ Conducting community and landowner outreach activities; and
- ~~(4)~~ (3) Establishing the reviewing committee established under section 196-D for project applications and reports.

The Department proposes the following amendments to page 7, line 19 to ensure that HGIA has sufficient technical support for the program.

§196-D Reviewing committee; report. (a) The chairperson of the authority, or the chairperson's designee, shall establish and serve as the chairperson of a reviewing committee to review program applications. That shall include but is not limited to:

- (1) The chairperson of the board of land and natural resources or the chairperson's designee, who shall serve as the chairperson of the commission;
- (2) The director of agriculture or the director's designee;
- (3) Up to two representatives from the Native Hawaiian community who have expertise in natural and working lands, the protection, restoration, care, and interpretation of Native Hawaiian cultural resources, who shall be invited by the chairperson;

(b) The reviewing committee shall submit a report to the legislature no later than twenty days prior to the convening of the regular session of 2023 and each regular session thereafter that contains:

- (1) An estimate of annual and cumulative reductions

achieved as a result of the program, determined using standardized measures, including measures of economic efficiency;

- (2) A summary of any changes to the program made as a result of program measurement, monitoring, and verification; and
- (3) The total number of acres enrolled in the program.

The Department proposes the following amendments to page 8, lines 11-17 to ensure all land managers are eligible.

§196-E Eligibility. Landowners, land managers, and lessees of eligible land shall be eligible for the program upon submission of a program application prepared by the authority, to enter into an incentives contract. An owner or manager of eligible land currently engaged in eligible practices shall not be barred from entering into an incentives contract under this part to continue carrying out eligible practices. An owner, land manager, or lessee shall not be prohibited from participating in the program due to participation of the owner or lessee in other federal or state conservation assistance programs. Conservation easements shall not be required for eligibility in the program.

The Department proposes the following amendments to page 9, lines 5-10 to ensure equity is built into the program.

§196-F Priority of carbon positive activities; benefits.

(a) Priority eligibility shall be given to phase I and phase II activities that:

- (1) Are cost effective;
- (2) Provide co-benefits to the State and owner, land manager or lessee of eligible land;
- (3) Have the potential to create jobs in the forestry or

- agriculture sectors, and in rural communities; ~~and~~
- (4) Achieve community priorities including food security or watershed protection<sup>7</sup>~~[-]~~; and
- (5) Are located in or provide services to historically disadvantaged and underserved communities.

Thank you for the opportunity to comment on this measure.

**DAVID Y. IGE**  
Governor

**JOSH GREEN**  
Lt. Governor



**PHYLLIS SHIMABUKURO-GEISER**  
Chairperson, Board of Agriculture

**MORRIS M. ATTA**  
Deputy to the Chairperson

State of Hawaii  
**DEPARTMENT OF AGRICULTURE**  
1428 South King Street  
Honolulu, Hawaii 96814-2512  
Phone: (808) 973-9600 FAX: (808) 973-9613

**TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER  
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE SENATE COMMITTEES ON ENERGY, ECONOMIC DEVELOPMENT  
AND TOURISM  
AND  
AGRICULTURE AND ENVIRONMENT**

**FEBRUARY 14, 2022  
3:00 P.M.  
VIA VIDEOCONFERENCE**

**SENATE BILL NO. 3325  
RELATING TO CARBON SEQUESTRATION INCENTIVES**

Chairpersons Wakai, Gabbard, and Members of the Committees:

Thank you for the opportunity to testify on Senate Bill No. 3325 that establishes the Hawaii Farmland and Forest Soil Health Carbon Smart Incentive Program to incentivize carbon sequestration activities through incentives contracts that provide for compensation for eligible practices by program participants. This Program is to be established within the Hawaii Green Infrastructure Authority which is administratively attached to the Department of Business, Economic Development, and Tourism. The Department of Agriculture offers comments.

The Department of Agriculture acknowledges that agricultural lands and agricultural operations may have a role in sequestering carbon. The program outlined in this measure is meant to achieve additional sequestration by what appears to be voluntary participation of landowners and lessees of agricultural land to undertake certain practices in exchange for compensation that is based on the amount of carbon sequestered. Participation by landowners, lessees, and particularly agricultural



operators will require unambiguous evidence that such participation makes economic sense.

The bill also appropriates funds to the Department for one permanent position to support program actions on State lands and provide technical and research assistance to the program.

(page 13, line 14 to page 14, line 2)

"SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ \_\_\_\_\_ or so much thereof as may be necessary for fiscal year 2022-2023 for one full-time equivalent (1.0 FTE) permanent position to support soil health and carbon sequestration actions on state lands and provide technical and research assistance to the Hawaii farmland and forest soil health carbon smart incentive program established by this Act.

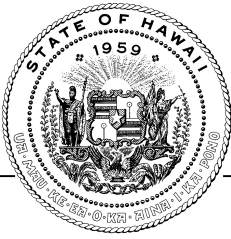
The sum appropriated shall be expended by the department of agriculture for the purposes of this Act."

The Department notes that the position, while located within the Department of Agriculture, is dedicated to assisting HGIA and the administration, development and rollout of the program. The Department is concerned with implementing a permanent program without information and metrics regarding carbon sequestration for farmers.

Thank you for the opportunity to provide our testimony on this measure.







**STATE OF HAWAII  
OFFICE OF PLANNING  
& SUSTAINABLE DEVELOPMENT**

**DAVID Y. IGE**  
GOVERNOR

**MARY ALICE EVANS**  
DIRECTOR

235 South Beretania Street, 6th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 587-2846  
Fax: (808) 587-2824  
Web: <https://planning.hawaii.gov/>

Statement of  
**MARY ALICE EVANS**  
Director, Office of Planning and Sustainable Development  
before the  
**SENATE COMMITTEES ON AGRICULTURAL AND ENVIRONMENTAL  
PROTECTION AND ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM**  
Monday, February 14, 2022  
3 PM  
State Capitol, Conference Room 224  
on  
**SB 3325**  
**RELATING TO CARBON SEQUESTRATION INCENTIVES.**

Chairs Gabbard and Wakai, Vice Chairs Nishihara and Misalucha, and Members of the Senate Committees:

The Office of Planning and Sustainable Development (OPSD) **offers comments and amendments** on SB 3325, which establishes the Hawai'i farmland and forest soil health carbon smart incentive program (program) to incentivize carbon sequestration activities through incentives contracts that provide for compensation for eligible practices by program participants and appropriates funds for positions and for administering the program.

For the past five years, the Office of Planning and Sustainable Development has been researching, publishing materials, and working on carbon sequestration issues with extremely limited and no funding through the Carbon Farming Task Force (established 2017), now expanded to the permanent Greenhouse Gas Sequestration Task Force (established in 2018).

As one of the State's two climate-related boards and commissions, the State's Greenhouse Gas Sequestration Task Force is a 19-member permanent task force with many experts from the forestry, agricultural, land use, environmental, academic, and soil science communities committed to the task force's subject-matter and mission set by Hawai'i Revised Statutes (HRS) §225P-4. The Greenhouse Gas Sequestration Task Force received only 1 sole appropriation of \$150,000 funding in 2018, which yielded the following direct results:

1. The creation of a [“Healthy Soils Hawai'i” Pilot Project with the Hawaii Agricultural Research Center and the Natural Resources Conservation Service](#) (the original pilot program that the proposed program in HB 2493 is modeled after)
2. [The Desktop Analysis to Compare Pathways of Carbon Storage](#) (April 2020)
3. [Hawai'i Natural and Working Lands Baseline and Benchmarks](#) (Aug 2021)

In relation to greenhouse gas sequestration, the Office of Planning and Sustainable Development also published the [\*Feasibility and Implications of Establishing a Carbon Offset Program in the State of Hawai'i\*](#) in December 2019, which strongly recommended the establishment of:

1. A greenhouse gas sequestration incentives program, and
2. A greenhouse gas reduction fund, and financing mechanisms

to subsidize and support sequestration efforts within the State of Hawai'i (pages 57-59) as an alternative to establishing a Carbon Offset Program administered by the State Government.

The Office of Planning and Sustainable Development has long and strong record supporting greenhouse gas sequestration, despite its funding challenges and lack of staff support to administer the State's Greenhouse Gas Sequestration Task Force.

The Office of Planning and Sustainable Development believes that in an effort to not duplicate the roles and responsibilities between state agencies and state boards and commissions, that the reviewing committee as proposed on Page 7 of SB 3325, could be conducted by the State's Greenhouse Gas Sequestration Task Force, which is similarly required to provide annual reports to the Legislature.

The Office of Planning and Sustainable Development further suggests that the language in this bill be inserted and replace the language in HRS §225P-6; since the Office of Planning and Sustainable Development has previously recommended against State-administered Carbon Offsetting.

Finally, given the intense land use planning and land management as described in SB 3325 and the Office of Planning and Sustainable Development's strong relationships with the Department of Land and Natural Resources, the Department of Agriculture, Hawai'i's four counties, and landowners across the state; the Office of Planning and Sustainable Development strongly recommends that the Legislature consider the Office of Planning and Sustainable Development as the coordinating agency of the proposed "Hawai'i farmland and forest soil health carbon smart incentives program."

The Office of Planning and Sustainable Development is on record for the past 5 Legislative Sessions since 2018 requesting staff support for the State's Greenhouse Gas Sequestration Task Force and the promotion of greenhouse gas sequestration projects and incentives. This carbon smart incentives program directly aligns with the goals of the Greenhouse Gas Sequestration Task Force, and if provided the funding, staffing, and programmatic authority in this bill, the Office of Planning and Sustainable Development would be very prepared to implement this important climate mitigation program for the benefit of the State of Hawai'i, it's people, and future generations.

Thank you for the opportunity to testify on this measure.

**Testimony of The Nature Conservancy  
Supporting SB 3325, RELATING TO CARBON SEQUESTRATION INCENTIVES.  
Committee on Agriculture and Committee on Energy, Economic Development, & Tourism  
February 14, 2022, 3:00 pm  
Conference Room 224 via videoconference**

Aloha Chairs Gabbard and Wakai, Vice Chairs Nishihara and Misalucha, and Members of the Committees:

**The Nature Conservancy (TNC) strongly supports SB 3325**, Relating to Carbon Sequestration Incentives, which would establish the Hawai'i farmland and forest soil health carbon smart incentive program to incentivize carbon sequestration activities through incentives contracts that provide for compensation for eligible practices by program participants, and appropriates funds for positions and for administering the program.

As a member of the US Climate Alliance Natural and Working Lands Hawai'i Research Team (Team), TNC appreciates the opportunity to testify on this bill. As you may know the Team worked closely with the US Climate Alliance and American Forests to design this program to address the needs of our natural and working land managers.

A Hawai'i farmland and forest soil health carbon smart incentive program is vital to support our local producers and reach a carbon neutral clean economy by 2045. Agriculture, forests and other land uses are currently the State's only carbon sink. Actively investing in carbon positive actions such as restoring forests through tree planting, forest protection, and improved management, soil carbon sequestration, improved pasture management, and local organic plant food production are the most effective and efficient ways to mitigate our carbon footprint. Establishing this program will help small land managers employ healthy soil and carbon smart practices to sequester additional carbon on natural and working lands.

TNC also supports the Hawai'i Green Infrastructure Authority (HGIA) as the host of this program. Through its work financing clean energy infrastructure, HGIA has been actively contributing to the State's efforts in addressing the problem of climate change and can effectively continue this work through this program.

Carbon smart practices will not only sequester carbon but improve soil health protecting agriculture into the future, increase the amount of water that filters into our aquifers, reduce erosion and therefore protect our reefs from sedimentation and stress, and support our local producers and growers.

Mahalo for the opportunity to provide testimony on SB 3325.

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*The Nature Conservancy of Hawai'i and Palmyra is a non-profit organization dedicated to the preservation of the lands and waters upon which all life depends. The Conservancy has helped protect more than 200,000 acres of natural lands in Hawai'i and Palmyra Atoll. We manage 40,000 acres in 13 nature preserves and work in over 50 coastal communities to help protect and restore the nearshore reefs and fisheries of the main Hawaiian Islands. We forge partnerships with government, private parties, and communities to protect forests and coral reefs for their ecological values and for the many benefits they provide to people.*

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To: The Senate Committee on Agriculture and Environment (AEN)  
and  
The Senate Committee on Energy, Economic Development, and Tourism (EET)  
From: Sherry Pollack, 350Hawaii.org  
Date: Monday, February 14, 2022, 3pm

**In support of SB3325**

Aloha Chairs Gabbard and Wakai, Vice Chairs Nishihara and Misalucha, and members of the AEN and EET committees,

I am Co-Founder of the Hawaii chapter of 350.org, the largest international organization dedicated to fighting climate change. 350Hawaii.org **supports SB3325** that would establish the Hawaii farmland and forest soil health carbon smart incentive program to incentivize carbon sequestration activities through incentives contracts that provide for compensation for eligible practices by program participants.

Establishing a farmland and forest soil health carbon smart incentive program will promote keeping forests and farmlands intact and sequester additional carbon on those lands. This program will incentivize actions that will improve soil health and sequester carbon. This would allow small farmers, ranchers, foresters, and landowners to be compensated for taking measures to help Hawaii reach its climate readiness goals.

Climate change has led to an increase in the frequency of extreme weather events which increases the risks to our already vulnerable food supply chain. Hawaii needs to reduce its contribution to climate change, increase local food production, improve soil health, and secure resilient water sources through watershed protection. Programs such as the Hawaii farmland and forest soil health carbon smart incentive program are an effective means to do that.

Mahalo for the opportunity to testify in **support** of this important legislation.

Sherry Pollack  
Co-Founder, 350Hawaii.org



**Hawaii Cattlemen's Council, Inc.**

COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Senator Glenn Wakai, Chair  
Senator Bennette E. Misalucha, Vice Chair

COMMITTEE ON AGRICULTURE AND ENVIRONMENT

Senator Mike Gabbard, Chair  
Senator Clarence K. Nishihara, Vice Chair

**SB3325**

Relating to CARBON SEQUESTRATION INCENTIVES

Monday, February 14, 2022, 3:00 PM  
VIA VIDEOCONFERENCE

Chairs Wakai and Gabbard, Vice Chairs Misalucha and Nishihara, and Members of the Committees,

The Hawaii Cattlemen's Council (HCC) is the Statewide umbrella organization comprised of the five county level Cattlemen's Associations. Our member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of over 750 thousand acres of land in Hawaii, or 20% of the State's total land mass. We represent the interests of Hawaii's cattle producers.

The Hawaii Cattlemen's Council **supports SB3325** to establish the Hawaii farmland and forest soil health carbon smart incentive program (program) to incentivize carbon sequestration activities.

We appreciate the legislature's acknowledgement that both forestry and regenerative agriculture can contribute to carbon sequestration and be a solution to curbing the detrimental impacts of climate change. These impacts, such as extreme weather, drought, sea level rise, are already affecting the state, and a focus on increasing local food security is necessary. We are learning more about the positive outcomes that well-managed rangelands can provide, including carbon sequestration and increased soil health, among others. A great resource is a recently published article in the Land Journal, titled "Maintaining the Societal Benefits of Rangelands: The Case of Hawaii" by Bremer et al. (2021) which can be read at <http://bit.ly/rangelandbenefits>. We highlight this because the review helps to illustrate that ranchers have the capacity, knowledge, and proven track record to maintain large land areas, thereby managing the rangelands and deriving ecosystem benefits. There are still gaps in quantifying the different benefits, and this bill will help progress to quantify those benefits while also incentivizing ranchers to either continue climate smart practices, or start new practices the increase soil health and reduce carbon emissions or sequester carbon.



We do comment that these incentives would apply to both private land owners as well as those who lease on state lands, and in order to apply these practices, long term leases are necessary. The investment in the practices and monitoring or results do not happen over a short time period, but instead are realized over the years. This is one of the key reasons the Hawaii Cattlemen's Council advocates for agricultural leases to be transferred from the Department of Land and Natural Resources (where leases are often on revocable permits) to the Department of Agriculture where appropriate lease are given for long-term planning of agricultural operations, and aid in encouraging investment into other climate smart practices.

We appreciate the opportunity to testify on this measure.

Nicole Galase  
Hawaii Cattlemen's Council  
Managing Director

Bremer, L. L., Nathan, N., Trauernicht, C., Pascua, P., Krueger, N., Jokiel, J., Barton, J., & Daily, G. C. (2021). Maintaining the Many Societal Benefits of Rangelands: The Case of Hawai'i. *Land*, 10(7), 764. <https://doi.org/10.3390/land10070764>

**SB-3325**

Submitted on: 2/13/2022 11:02:15 AM

Testimony for AEN on 2/14/2022 3:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Ted Bohlen	Testifying for Climate Protectors Hawai'i	Support	No

Comments:

To: The Honorable Michael Gabbard, Chair, The Honorable Clarence Nishihara, Vice Chair, and Members of the Senate Committee on Agriculture and Environment and

The Honorable Glenn Wakai, Chair, The Honorable Bennette Misalucha, Vice Chair and members of the Senate Committee on Energy, Economic Development, and Tourism.

.From: Climate Protectors Hawai'i (by Ted Bohlen)

Position: **The Climate Protectors Hawai'i Strongly Supports HB3325!**

The Climate Protectors Hawai'i is a group focused on reversing the climate crisis and encouraging Hawai'i to lead the world towards a safe and sustainable climate and future. The Climate Protectors Hawai'i **STRONGLY SUPPORTS SB3325!**

As a tropical island State, Hawai'i will be among the first places harmed by the global climate crisis, with more intense storms, loss of protective coral reefs, food insecurity, and rising sea levels destroying our shorelines. We must do all we can to reduce our carbon footprint and become carbon negative as soon as possible.

In striving to become carbon negative, it will not be enough to limit greenhouse gas emissions; we must also draw carbon down from the atmosphere. **Substantial sequestration of carbon is needed as well as major greenhouse gas emission controls.**

The purpose of this Act is to establish a Hawai'i farmland and forest soil health carbon smart incentive program that will promote keeping forests and farmlands intact and sequester additional carbon on those lands.

This bill would be a significant step toward reducing atmospheric carbon that is the major cause of the climate crisis.

Please pass this important bill!

Mahalo!



Climate Protectors Hawai'i (by Ted Bohlen)



Hawai'i's voice for wildlife  
Kō Hawai'i o nā holoholona lōhiu

**Before the Senate Committee on  
Energy Economic Development and Tourism  
and  
Agriculture and Environment**

**Monday, February 14, 2022**

**3:00pm**

**State Capitol, Conference Room 224, Via Videoconference**

**In consideration of  
SENATE BILL 3325  
RELATING TO CARBON SEQUESTRATION INCENTIVES**

Conservation Council For Hawaii **SUPPORTS SB3325**. Protecting Hawaii's native forests is one of the few actions that both help mitigate climate change (through directly sequestering carbon and avoiding emissions caused by deforestation) as well as helping Hawaii adapt to climate change, since forests protect against drought, as well as hold soil intact to reduce impacts of flooding and erosion from big storms.

Thank you for the opportunity to **support SB3325**.

**SB-3325**

Submitted on: 2/10/2022 9:34:25 PM

Testimony for AEN on 2/14/2022 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Gerard Silva	Individual	Oppose	No

Comments:

Carbon Dioxied is use by all liveing Plants and trees it is there food . Why do you want to Kioll our Trees And Plants!!!

**SB-3325**

Submitted on: 2/12/2022 6:28:15 AM

Testimony for AEN on 2/14/2022 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Noel Morin	Individual	Support	No

Comments:

Dear Chairs Wakai and Gabbard, Vice-Chairs Misalucha and Nishihara, and Committee Members,

I **support** the establishment of a Hawaii farmland and forest soil health carbon smart incentive program to incentivize carbon sequestration activities.

I **recommend** that the activities listed include those that allow for the investigation and establishment of **sustainable construction feedstock**, e.g., bamboo and hemp. In addition to local carbon sequestration, these offer Hawaii the potential to reduce the carbon footprint of its buildings by reducing its dependency on imported lumber and other construction material.

Thank you,  
Noel Morin

**SB-3325**

Submitted on: 2/13/2022 5:56:23 AM

Testimony for AEN on 2/14/2022 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Paul Bernstein	Individual	Support	No

Comments:

Aloha Chair Gabbard, Vice Chair Nishihara, and members of the AEN committee:

I'm writing in strong support of SB3325.

To meet 2045 goals of net zero, the State will have to undertake land based sequestration. This bill is a necessary and important step toward this effort. The current market place fails to fully account for the social value of these lands. The bill will help the State more correctly value the State's farm and forest lands.

As a hiker and parent, I would like to see as much of our open spaces protected for my children and their children. This bill would increase the incentives to protect our treasured open spaces.

Respectfully,

Paul Bernstein

**SB-3325**

Submitted on: 2/13/2022 7:47:44 AM

Testimony for AEN on 2/14/2022 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Deborah Umiamaka	Individual	Support	No

Comments:

I support SB3325.

Sincerely,

Deborah Umiamaka.

**SB-3325**

Submitted on: 2/13/2022 9:36:31 AM

Testimony for AEN on 2/14/2022 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Cara Oba	Individual	Support	No

Comments:

Chair Gabbard, Chair Wakai and the members of the Agriculture and Environment and Energy, Economic Development, and Tourism Committees Respectively,

I support bill SB3325 as it encourages action across the state among a variety of communities and businesses in reaching the small to medium scale land managers but please ensure that this gets to those communities. These smaller scale land managers may have less land for total sequestration but as integrated into local food and community systems, they may have more far-reaching co-benefits -- providing food and community gathering/learning spaces that can support community shifts to positive climate actions and behaviors. For example, I have participated in activities with my child that were hosted by local farms or community groups that participate in regenerative agriculture and/or culturally-aware forest management on their leased/owned properties. These spaces with hands-on learning activities helped to educate parents and children alike and can shift a community into greater awareness of how to support the environment and community as a whole. These types of land managers are already committed to doing this kind of work and are continually looking for ways to make improvements. These are folks that could benefit from this program to help increase their contribution as local food producers and/or watershed managers.

Additional co-benefits that could be included in section 196-F are fire suppression, reduced soil runoff, and carbon positive community education/leadership. These are additional considerations that would be useful in a full evaluation of a project's impact.

I would encourage inclusion of language that dissuades the use of incentives for carbon credits as a feasibility analysis done by the Office of Planning showed that it is unlikely to make a positive impact locally. We should be more focused on the tangible benefits for our local community of greater food and water security.

Thank you for your consideration.

**SB-3325**

Submitted on: 2/13/2022 9:40:31 AM

Testimony for AEN on 2/14/2022 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Dylan Ramos	Individual	Comments	No

Comments:

Aloha,

I greatly support the intent of this bill, but as with a lot of these environmental, climate, and agricultural bills, SB3325 needs amending to better prioritize and benefit Hawaii's small businesses, workers, farmers, families, and 'āina. Please make sure this and all bills involved with purchasing, subsidizing, or incentivizing are taking into account the need to make funds available for smaller lands that must be reached but may not have access to funds like those from DLNR or NRCS. Conversely, please better address the risk of enabling greenwashing by large corporations and funding those who can already afford to undertake such measures. For them, perhaps another bill is warranted.

Mahalo,

Dylan Ramos



**SB-3325**

Submitted on: 2/13/2022 1:35:00 PM

Testimony for AEN on 2/14/2022 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Dana Keawe	Individual	Support	No

Comments:

I support SB3325.

SB 3325 TESTIMONY

To: Senate Committee on Agriculture and Environment  
Senate Committee on Energy, Economic Development, and Tourism  
Hearing on Feb. 14, 2022 at 3:00 p.m.

From: John Kawamoto

Position: Support

Carbon sequestration complements efforts to reduce carbon emissions to mitigate climate change. We need to do both -- sequester carbon and reduce carbon emissions -- if we are to avoid a global climate catastrophe.

Among other things, this bill incentivizes the planting of new forests to sequester carbon. Meanwhile, other bills are being considered by the Legislature that would cut down forests to generate electricity. Those bills should be avoided.

This bill mitigates climate change, and it will have beneficial impacts for generations.