

JAN 25 2017

A BILL FOR AN ACT

RELATING TO CARBON FORESTRY CERTIFICATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that one of the public
2 trust obligations of the department of land and natural
3 resources is the conservation and management of the State's
4 natural resources. The benefits and services delivered by these
5 ecosystems as a result of conservation and management efforts
6 are not generally considered revenue generators. Hence,
7 ecosystem restoration projects can mean substantial costs for
8 the State that cannot be offset due to the lack of compensation
9 mechanisms.

10 In an effort to mitigate the impacts of climate change and
11 environmental degradation, international, national, and local
12 policy initiatives are seeking to create market-based mechanisms
13 that allow for monetization of the multiple benefits provided by
14 natural resources and for new options in restoration finance.

15 In accordance with the department of land and natural resources'
16 mandate to generate revenues that can contribute to its
17 conservation and natural resource management activities, the



1 department of land and natural resources is exploring such
2 mechanisms to monetarize ecosystem services provided by the
3 lands under its jurisdiction.

4 The legislature further finds that carbon sequestration is
5 the long-term storage of atmospheric carbon dioxide to mitigate
6 the effects of global climate change. This type of ecosystem
7 service has established markets for compliance and voluntary
8 carbon offsets. Certified forest carbon projects directly
9 contribute to multiple sustainability goals for the State of
10 Hawaii, including the Aloha+ Challenge Declaration.
11 Particularly, carbon sequestration increases the area of healthy
12 forests, reverses the trend of natural resource loss, improves
13 watershed protection, and restores native species, thereby
14 contributing to Hawaii's sustainability goals.

15 The legislature also finds that the department of land and
16 natural resources proposes to certify a reforestation project
17 operated by the department of land and natural resources under
18 an established forest carbon standard on state lands at the
19 southern slope of Haleakala, Maui. This area has an ongoing
20 forest restoration project as part of the Leeward Haleakala
21 Watershed Restoration Partnership, a voluntary public-private



1 watershed protection alliance of eleven landowners that
2 encompasses 43,000 contiguous acres of Leeward Haleakala
3 Mountain. The carbon forest project addresses priority issues
4 and targets priority areas identified in the Hawaii forest
5 action plan by improving watershed functions, restoring
6 endangered species habitats, reducing the impacts of climate
7 change, and protecting a native ecosystem not adaptive to
8 wildfire. The project area was once a native Acacia koa-ohia-
9 dominated montane mesic forest that was an important habitat for
10 the federally listed endemic Hawaiian Hoary bat and endangered
11 Hawaiian forest birds. Due to uncontrolled grazing animals,
12 such as ungulates, the native forest has been largely eliminated
13 across much of the landscape and replaced by fire adapted, non-
14 native invasive grasses. The department of land and natural
15 resources, with support of its partners, will convert this
16 degraded pastureland back to native forest to sequester carbon,
17 reduce erosion, increase water supply recharge, re-establish
18 endangered species habitat, mitigate wildfire threats by
19 removing fire adapted invasive plants, and support many other
20 natural and cultural benefits.



1 In the last three years, the department of land and natural
2 resources and partners have constructed fences, removed
3 ungulates, conducted weed control, and commenced planting using
4 leveraged funds. While the department of land and natural
5 resources already secured funding for the restoration activities
6 described above through federal and state sources, the
7 certification of the carbon project under an established forest
8 carbon standard will require an initial investment of
9 approximately \$120,000.

10 The legislature finds that creating additional revenue
11 streams through certification of the landscape-level restoration
12 project at the southern slope of Haleakala under an established
13 voluntary forest carbon standard and sale of carbon offset
14 credits would create a framework for long-term maintenance
15 support for forest management as well as provide the department
16 of land and natural resources with the certification and
17 expertise for future reforestation projects.

18 The purpose of this Act is to appropriate funds for the
19 certification of a reforestation project operated by the
20 department of land and natural resources under an established
21 forest carbon standard certification system.



1 SECTION 2. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$120,000 or so much
3 thereof as may be necessary for fiscal year 2017-2018 and the
4 same sum or so much thereof as may be necessary for fiscal year
5 2018-2019 for the certification of the carbon project at
6 Haleakala, Maui, under an established forest carbon standard.

7 The sums appropriated shall be expended by the department
8 of land and natural resources for the purposes of this Act.

9 SECTION 3. The department of land and natural resources
10 shall submit an annual report on the carbon project
11 certification pursuant to this Act to the governor and the
12 legislature no later than twenty days prior to the convening of
13 each regular session. The annual reports shall include:

- 14 (1) A summary of the project;
15 (2) A financial report for the preceding fiscal year; and
16 (3) Objectives and budget projections for the following
17 fiscal year.

18 SECTION 4. All contracts, agreements, permits, or other
19 documents executed or entered into by the department of land and
20 natural resources pursuant to this Act shall remain in full

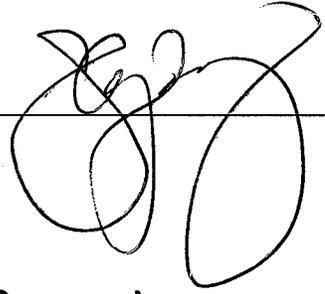


1 force and effect until terminated pursuant to the terms of the
2 relevant contract, agreement, permit, or document.

3 SECTION 5. This Act shall take effect on July 1, 2017.

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S.B. NO. 1088

Report Title:

Forest Restoration; Carbon Forestry Certification; Appropriation

Description:

Appropriates funds for certification of a reforestation carbon project at Haleakala, Maui, operated by DLNR, under an established forest carbon standard certification system. Requires DLNR to submit an annual report on the project certification to the governor and legislature.

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