
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 also finds that the department of land and
5 natural resources proposes to certify a reforestation project
6 operated by the department of land and natural resources under
7 an established forest carbon standard on state lands at the
8 southern slope of Haleakala, Maui. This area has an ongoing
9 forest restoration project as part of the Leeward Haleakala
10 Watershed Restoration Partnership, a voluntary public-private
11 watershed protection alliance of eleven landowners that
12 encompasses forty-three thousand contiguous acres of Leeward
13 Haleakala Mountain. The carbon forest project addresses
14 priority issues and targets priority areas identified in the
15 Hawaii forest action plan by improving watershed functions,
16 restoring endangered species habitats, reducing the impacts of
17 climate change, and protecting a native ecosystem not adaptive
18 to wildfire. The project area was once a native Acacia koa-
19 ohia-dominated montane mesic forest that was an important
20 habitat for the federally listed endemic Hawaiian Hoary bat and
21 endangered Hawaiian forest birds. Due to uncontrolled grazing



1 animals, such as ungulates, the native forest has been largely
2 eliminated across much of the landscape and replaced by fire
3 adapted, non-native invasive grasses. The department of land
4 and natural resources, with support of its partners, will
5 convert this degraded pastureland back to native forest to
6 sequester carbon, reduce erosion, increase water supply
7 recharge, re-establish endangered species habitat, mitigate
8 wildfire threats by removing fire adapted invasive plants, and
9 support many other natural and cultural benefits.

10 In the last three years, the department of land and natural
11 resources and partners have constructed fences, removed
12 ungulates, conducted weed control, and commenced planting using
13 leveraged funds. While the department of land and natural
14 resources already secured funding for the restoration activities
15 described above through federal and state sources, the
16 certification of the carbon project under an established forest
17 carbon standard will require an initial investment of
18 approximately \$120,000.

19 The legislature finds that creating additional revenue
20 streams through certification of the landscape-level restoration
21 project at the southern slope of Haleakala under an established



1 voluntary forest carbon standard and sale of carbon offset
2 credits would create a framework for long-term maintenance
3 support for forest management as well as provide the department
4 of land and natural resources with the certification and
5 expertise for future reforestation projects.

6 The purpose of this Act is to appropriate funds for the
7 certification of a reforestation project operated by the
8 department of land and natural resources under an established
9 forest carbon standard certification system.

10 SECTION 2. There is appropriated out of the natural area
11 reserve fund of the State of Hawaii the sum of \$ or so
12 much thereof as may be necessary for fiscal year 2017-2018 and
13 the same sum or so much thereof as may be necessary for fiscal
14 year 2018-2019 for the certification of the carbon project at
15 Haleakala, Maui, under an established forest carbon standard.

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

18 SECTION 3. The department of land and natural resources
19 shall submit an annual audit report on the carbon project
20 certification pursuant to this Act to the governor and the



1 legislature no later than twenty days prior to the convening of
2 each regular session. The annual reports shall include:

- 3 (1) A detailed summary audit of the project;
- 4 (2) A financial report for the preceding fiscal year;
- 5 (3) Objectives and budget projections for the following
6 fiscal year; and
- 7 (4) A list of all contracts, investors, and memorandums of
8 understandings.

9 SECTION 4. All contracts, agreements, permits, or other
10 documents executed or entered into by the department of land and
11 natural resources must be competitively bid pursuant to this Act
12 and shall remain in full force and effect until terminated
13 pursuant to the terms of the relevant contract, agreement,
14 permit, or document.

15 SECTION 5. Contractors and other third parties who receive
16 funds under this section may be subject to review and inspection
17 by the department of land and natural resources, the attorney
18 general, or the auditor. Upon request by such agencies, the
19 contractor or third party shall be required to submit for review
20 all files, records, documents, and accounting related to the use
21 and expenditure of funds received pursuant to this section,



1 whether the funds were received via contract, grant, or other
2 agreement.

3 SECTION 6. This Act shall take effect on July 1, 2050.



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. Effective 7/1/2050. (SB1088 HD1)

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