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# A BILL FOR AN ACT

RELATING TO CARBON SEQUESTRATION INCENTIVES.

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

1           SECTION 1. The legislature finds that the Hawaii carbon  
2 smart land management assistance pilot program established by  
3 Act 185, Session Laws of Hawaii 2022, was met with a high degree  
4 of interest and engagement from local Hawaiian farmers, farmer  
5 networks, ranchers, foresters, agroecologists, grassroots and  
6 local non-profit organizations, community groups, schools,  
7 private land managers, ecologists, and businesses.

8           The legislature further finds that the Hawaii carbon smart  
9 land management assistance pilot program should continue past  
10 the upcoming sunset date of June 30, 2025, as it will lead to  
11 more sustainable land management practices, an overall increase  
12 in carbon sequestered through a localized understanding of  
13 carbon sequestration practices and opportunities, support for  
14 local regenerative agriculture and food systems, and a  
15 strengthening of the climate resilience, climate mitigation,  
16 adaptation, and social-ecological-economic benefits proffered by



1 indigenous land management practices and applied traditional  
2 ecological knowledge.

3 Accordingly, the purpose of this Act is to:

4 (1) Permanently establish the Hawaii carbon smart land  
5 management assistance program originally established  
6 as a pilot program under Act 185, Session Laws of  
7 Hawaii 2022; and

8 (2) Appropriate funds to support the program.

9 SECTION 2. Chapter 225P, Hawaii Revised Statutes, is  
10 amended by adding a new section to be appropriately designated  
11 and to read as follows:

12 "§225P- Hawaii carbon smart land management assistance  
13 program. (a) There is established within the department the  
14 Hawaii carbon smart land management assistance program to  
15 incentivize carbon sequestration activities through incentive  
16 contracts that provide compensation for eligible practices by  
17 program participants; provided that no program participant shall  
18 use compensation provided under this program for the purposes of  
19 carbon offsetting initiatives.

20 (b) The department shall:



- 1       (1) Administer or enter into an agreement or agreements  
2       for the administration of the program;
- 3       (2) Coordinate with relevant agencies to provide financial  
4       incentive payments to owners and lessees of eligible  
5       land for eligible practices over a designated period,  
6       with appropriate crediting for soil health and carbon  
7       benefits as specified in an incentive contract;
- 8       (3) Establish and implement protocols to monitor and  
9       verify compliance with the terms of incentive  
10       contracts;
- 11       (4) Make available to the public any modeling,  
12       methodology, or protocol resources developed to  
13       estimate the sequestration rates of potential  
14       projects;
- 15       (5) Identify, evaluate, and distribute dedicated moneys to  
16       accomplish the purposes of the program; and
- 17       (6) Coordinate collaborations related to soil health and  
18       carbon sequestration modeling, methods, and inventory  
19       improvements.
- 20       (c) The department, with assistance from relevant  
21       agencies, shall establish compensation rates and incentive



1 contract terms for phase I activities within one year of the  
2 date of receipt of a program application. An incentive contract  
3 shall be for a term of no less than one year and no longer than  
4 thirty years, as determined by the owner or lessee of the  
5 eligible land subject to the incentive contract; provided that  
6 the length of the contract term shall directly correlate with  
7 the rate of compensation paid pursuant to the contract.

8 (d) The department shall coordinate with relevant agencies  
9 to assist the department in carrying out the purposes of the  
10 program, including:

11 (1) Estimating sequestration rates for phase I and phase  
12 II activities;

13 (2) Conducting research to develop the technical  
14 underpinnings of compensation rates for phase II  
15 activities; and

16 (3) Conducting community and landowner outreach  
17 activities.

18 (e) Landowners and lessees of eligible land may enter into  
19 an incentive contract upon approval of a program application on  
20 a form prepared by the department. An owner or lessee of  
21 eligible land currently engaged in eligible practices shall not:



- 1        (1) Be barred from entering into an incentive contract
- 2                under this section to continue carrying out those
- 3                eligible practices;
- 4        (2) Be prohibited from participating in the program due to
- 5                the owner or lessee's participation in other federal
- 6                or state conservation assistance programs; or
- 7        (3) Be required to provide conservation easements.
- 8        (f) Priority shall be given to phase I and phase II
- 9 activities that:
- 10        (1) Are cost effective;
- 11        (2) Provide co-benefits to the State and the owner or
- 12                lessee of eligible land;
- 13        (3) Have the potential to create jobs in the forestry or
- 14                agriculture sectors and in rural communities; and
- 15        (4) Achieve community priorities, including food security
- 16                or watershed protection.
- 17        (g) On an annual basis, the department shall:
- 18                (1) Identify and prioritize selected soil health and
- 19                carbon-positive activities;
- 20                (2) Recommend compensation rates and contract terms for
- 21                eligible phase I activities;



1       (3) Assist in estimating sequestration rates for carbon-  
2       positive practices;

3       (4) Research and develop the technical underpinnings of  
4       compensation rates for phase II activities; and

5       (5) Conduct community and landowner outreach activities.

6       (h) The department shall also identify co-benefits that  
7       may include:

8       (1) Job creation;

9       (2) Food security and agriculture for local consumption;

10      (3) Water security;

11      (4) Increased biodiversity;

12      (5) Soil health; and

13      (6) Invasive species reduction and removal.

14      (i) For the purposes of this section:

15      "Department" means the department of land and natural  
16      resources.

17      "Eligible land" means land in the State that is privately  
18      owned or public land that is leased to a private citizen at the  
19      time of initiation of an incentive contract.



1       "Eligible practices" means practices on eligible land that  
2 increase soil health, reduce carbon emissions, and promote  
3 carbon sequestration and storage over a designated period.

4       "Incentive contract" means a contract that specifies the  
5 following:

6       (1) The eligible practices to be undertaken;

7       (2) The acreage of eligible land;

8       (3) The established rate of compensation;

9       (4) A schedule to verify that the terms of the contract  
10 have been fulfilled; and

11       (5) Other terms as the department deems necessary.

12       "Phase I activities" means activities identified as having  
13 a high likelihood of effectively achieving durable sequestration  
14 benefits at reasonable compensation rates across eligible land  
15 types, including:

16       (1) One-time establishment and yearly monitoring  
17 activities that include:

18       (A) Reforestation;

19       (B) Windbreaks;

20       (C) Conservation tillage and reduced field pass  
21 intensity;



- 1            (D) Improved forages; and
- 2            (E) Control of invasive species; and
- 3            (2) Yearly investment activities that include:
- 4            (A) Efficient nutrient management;
- 5            (B) Crop diversity through rotations and cover crops;
- 6            (C) Manure management;
- 7            (D) Rotational grazing and improved forages;
- 8            (E) Waste-stream-derived amendment application,
- 9            including compost, biochar, and anaerobic digest;
- 10           (F) Improved cropping and organic systems; and
- 11           (G) Feed management.
- 12           "Phase II activities" means activities identified as having
- 13 significant sequestration potential but requiring additional
- 14 technical work to estimate the activities' sequestration
- 15 potential or to identify appropriate eligible land types,
- 16 including:
- 17           (1) Perennial biofuel feedstocks;
- 18           (2) Methane capture;
- 19           (3) Improved forest management;
- 20           (4) Conservation easements; and



1        (5) Other renewable energy options involving blended food  
2                    and energy systems.

3        "Program" means the Hawaii carbon smart land management  
4 assistance program."

5            SECTION 3. There is appropriated out of the general  
6 revenues of the State of Hawaii the sum of \$                    or so  
7 much thereof as may be necessary for fiscal year 2025-2026 and  
8 the same sum or so much thereof as may be necessary for fiscal  
9 year 2026-2027 for the Hawaii carbon smart land management  
10 assistance program, including the establishment of            full-  
11 time equivalent (            FTE) permanent position.

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

14            SECTION 4. New statutory material is underscored.

15            SECTION 5. This Act shall take effect on July 1, 3000.



H.B. NO. 975  
H.D. 1

**Report Title:**

DLNR; Carbon Sequestration; Hawaii Carbon Smart Land Management Assistance Program; Positions; Appropriation

**Description:**

Codifies and makes permanent the Hawaii Carbon Smart Land Management Assistance Program under the Department of Land and Natural Resources. Appropriates funds. Effective 7/1/3000.  
(HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

