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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 of  
14 land and natural resources the Hawaii carbon smart land  
15 management assistance program to incentivize carbon  
16 sequestration activities through incentive contracts that  
17 provide compensation for eligible practices by program  
18 participants.

19 (b) The department shall:

20 (1) Administer or enter into an agreement or agreements  
21 for the administration of the program;



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



1 shall be for a term of no less than one year and no longer than  
2 thirty years, as determined by the owner or lessee; provided  
3 that the length of the contract term shall directly correlate  
4 with the rate of compensation paid pursuant to the contract.

5 (d) The department shall coordinate with relevant agencies  
6 to assist the department in carrying out the purposes of the  
7 program, including:

8 (1) Estimating sequestration rates for phase I and phase  
9 II activities;

10 (2) Conducting research to develop the technical  
11 underpinnings of compensation rates for phase II  
12 activities; and

13 (3) Conducting community and landowner outreach  
14 activities.

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

19 (1) Be barred from entering into an incentive contract  
20 under this section to continue carrying out those  
21 eligible practices;



1        (2) Be prohibited from participating in the program due to  
2        the owner or lessee's participation in other federal  
3        or state conservation assistance programs; or

4        (3) Be required to provide conservation easements.

5        (f) Priority shall be given to phase I and phase II  
6 activities that:

7        (1) Are cost effective;

8        (2) Provide co-benefits to the State and the owner or  
9        lessee of eligible land;

10       (3) Have the potential to create jobs in the forestry or  
11       agriculture sectors and in rural communities; and

12       (4) Achieve community priorities, including food security  
13       or watershed protection.

14       (g) On an annual basis, the department shall:

15       (1) Identify and prioritize selected soil health and  
16       carbon-positive activities;

17       (2) Recommend compensation rates and contract terms for  
18       eligible phase I activities;

19       (3) Assist in estimating sequestration rates for carbon-  
20       positive practices;



1        (4) Research and develop the technical underpinnings of  
2            compensation rates for phase II activities; and  
3        (5) Conduct community and landowner outreach activities.

4        (h) The department shall also identify co-benefits that  
5 may include:

- 6        (1) Job creation;
- 7        (2) Food security and agriculture for local consumption;
- 8        (3) Water security;
- 9        (4) Increased biodiversity;
- 10       (5) Soil health; and
- 11       (6) Invasive species reduction and removal.

12       (i) For the purposes of this section:

13       "Department" means the department of land and natural  
14 resources.

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

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



1       "Incentive contract" means a contract that specifies the  
2 following:

- 3       (1) The eligible practices to be undertaken;
- 4       (2) The acreage of eligible land;
- 5       (3) The established rate of compensation;
- 6       (4) A schedule to verify that the terms of the contract  
7             have been fulfilled; and
- 8       (5) Other terms as the department deems necessary.

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

- 13       (1) One-time establishment and yearly monitoring  
14             activities that include:
  - 15             (A) Reforestation;
  - 16             (B) Windbreaks;
  - 17             (C) Conservation tillage and reduced field pass  
18                 intensity;
  - 19             (D) Improved forages; and
  - 20             (E) Control of invasive species; and
- 21       (2) Yearly investment activities that include:



- 1            (A) Efficient nutrient management;
- 2            (B) Crop diversity through rotations and cover crops;
- 3            (C) Manure management;
- 4            (D) Rotational grazing and improved forages;
- 5            (E) Waste-stream-derived amendment application,
- 6                    including compost, biochar, and anaerobic digest;
- 7            (F) Improved cropping and organic systems; and
- 8            (G) Feed management.

9            "Phase II activities" means activities identified as having  
10 significant sequestration potential but requiring additional  
11 technical work to estimate the activities' sequestration  
12 potential or to identify appropriate eligible land types,  
13 including:

- 14            (1) Perennial biofuel feedstocks;
- 15            (2) Methane capture;
- 16            (3) Improved forest management;
- 17            (4) Conservation easements; and
- 18            (5) Other renewable energy options involving blended food
- 19                    and energy systems.

20            "Program" means the Hawaii carbon smart land management  
21 assistance program."



1 SECTION 3. There is appropriated out of the general  
2 revenues of the State of Hawaii the sum of \$2,000,000 or so much  
3 thereof as may be necessary for fiscal year 2025-2026 and the  
4 same sum or so much thereof as may be necessary for fiscal year  
5 2026-2027 for the Hawaii carbon smart land management assistance  
6 program, including the establishment of one full-time equivalent  
7 (1.0 FTE) permanent position.

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

10 SECTION 4. New statutory material is underscored.

11 SECTION 5. This Act shall take effect on July 1, 2025.

12

INTRODUCED BY: 



# S.B. NO. 1178

**Report Title:**

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

**Description:**

Codifies and makes permanent the Hawaii Carbon Smart Land Management Assistance Program under the Department of Land and Natural Resources.

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

