

JAN 17 2025

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;



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

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

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

(i) For the purposes of this section:

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

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

"Eligible practices" means practices on eligible land that increase soil health, reduce carbon emissions, and promote 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.

