STAND. COM. REP. NO. 1218-26

Honolulu, Hawaii
MAR 19, 2026

RE: S.B. No. 2005
S.D. 1
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Energy & Environmental Protection, to which was referred S.B. No. 2005, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONSERVATION BANKING,"

begs leave to report as follows:

The purpose of this measure is to:

(1) Authorize the Department of Land and Natural Resources and certain public or private entities to operate conservation banks, subject to approval from the Board of Land and Natural Resources, for situations where a person or entity is required to provide compensatory mitigation to offset adverse impacts to threatened, endangered, candidate, or proposed species as part of an approved incidental take license and habitat conservation plan;

(2) Add the Associate Director of the United States Geological Survey, Ecosystems Mission Area, to the membership of the Endangered Species Recovery Committee; and

(3) Require the Endangered Species Recovery Committee to review applications and proposals for conservation banks and conduct subsequent reviews and oversight.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources; Earthjustice; Tawhiri Power LLC; Hawai'i Reef and Ocean Coalition; The Nature Conservancy Hawai'i and Palmyra; Sierra Club of Hawai'i; and one individual. Your Committee received comments on this measure from the Kaua'i Island Utility Cooperative and one individual.

Your Committee finds that conservation banks sell credits to developers, construction companies, and other entities to offset environmental harm those entities have caused or may cause. Your Committee further finds that the use of conservation banks as compensatory mitigation projects for incidental take licensees with habitat conservation plans increases certainty that the mitigation obligation is completed, expedites project review, and makes project costs more predictable for incidental take licensees. This measure provides another method for addressing certain environmental harms by authorizing the operation of conservation banks.

Your Committee has amended this measure by:

(1) Clarifying the protection status of species whose presence or absence must be reviewed under a resource management plan;

(2) Changing the effective date to July 1, 3000, to encourage further discussion; and

(3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2005, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2005, S.D. 1, H.D. 1, and be referred to your Committee on Water & Land.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,

NICOLE E. LOWEN, Chair

State of Hawaii
House of Representatives
The Thirty-third Legislature

HSCR 1218-26

Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.:	Committee Referral:	Date:
SB 2005 SD1	EEP, WAL, FIN	3/17/26

☐ The committee is reconsidering its previous decision on the measure.

The recommendation is to: ☐ Pass, unamended (as is) ☑ Pass, with amendments (HD) ☐ Hold
☐ Pass short form bill with HD to recommit for future public hearing (recommit)

EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. LOWEN, Nicole E. (C)	✓			
2. PERRUSO, Amy A. (VC)	✓			
3. CHUN, Cory M.	✓			
4. KAHALOA, Kirstin	✓			
5. KUSCH, Matthias	✓			
6. QUINLAN, Sean	✓			
7. MATSUMOTO, Lauren	✓			
TOTAL (7)	7			

The recommendation is: ☑ Adopted ☐ Not Adopted

If joint referral, _____ did not support recommendation.
committee acronym(s)

Vice Chair's or designee's signature: Amy Perruso

Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO