STAND. COM. REP. NO. 2505

Honolulu, Hawaii

FEB 20 2026

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

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Water, Land, Culture and the Arts, to which was referred S.B. No. 2005 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

(1) Authorize the use of conservation banks for compensatory mitigation in a habitat conservation plan and associated incidental take license; and

(2) Amend the membership and scope of authority for the Endangered Species Recovery Committee.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources; The Nature Conservancy, Hawai'i and Palmyra; Tawhiri Power LLC; and one individual.

Your Committee received testimony in opposition to this measure from Earthjustice.

Your Committee received comments on this measure from the Sierra Club of Hawai'i.

Your Committee finds that the intent of this measure is to encourage the establishment of conservation banks in the State to increase the populations of threatened or endangered species or enhance their habitats. Your Committee has heard the concerns raised in testimony that this measure, in its current form, omits necessary provisions that would prevent harmful activities. This measure provides the Department of Land and Natural Resources with broad administrative powers that would allow it to determine by rule the requirements for establishing a conservation bank or the manner in which compensatory mitigation credits would be determined and applied. These are important public policy issues that should be decided by the Legislature rather than the executive branch. Furthermore, there is concern that this measure does not clearly define which party is financially responsible for the necessary improvements to a conservation bank in the event that the conservation bank fails due to an unanticipated event rather than the harm caused by a person who buys credits from the conservation bank to mitigate the harm that they inflict on imperiled native species. Additionally, this measure authorizes the Endangered Species Recovery Committee to oversee conservation banks and review applications and proposals for conservation banks, but it does not provide the Endangered Species Recovery Committee with standards to enforce, effectively making such oversight and review meaningless.

Your Committee understands these concerns and notes that H.B. No. 1802, H.D. 1, Regular Session of 2026, also authorizes the use of conservation banks to provide protection for the State's threatened, endangered, candidate, and proposed species. Your Committee finds that the language in H.B. No. 1802, H.D. 1, is preferable because it includes statutory guardrails to ensure that a conservation program accounts for the damage caused by unanticipated events or the covered activities of a person who purchases credits from the conservation bank. The language in H.B. No. 1802, H.D. 1, is also preferable because it provides the Endangered Species Recovery Committee with the regulatory power necessary to ensure adequate protection for the State's imperiled species.

Accordingly, your Committee has amended this measure by:

(1) Deleting its contents and inserting the contents of H.B. No. 1802, H.D. 1, a measure that:

(A) Authorizes 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;

(B) Adds the Associate Director of the United States Geological Survey, Ecosystem Mission Area, to the membership of the Endangered Species Recovery Committee; and

(C) Requires the Endangered Species Recovery Committee to review applications and proposals for conservation banks and conduct subsequent reviews and oversight;

(2) Inserting an effective date of July 1, 2050, to encourage further discussion; and

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

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

Respectfully submitted on behalf of the members of the Committee on Water, Land, Culture and the Arts,

CHRIS LEE, Chair

The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Water, Land, Culture and the Arts
WLA

Bill / Resolution No.:*	Committee Referral:	Date:
SB 2005	WLA, WAM	2-13-2026

☐ The Committee is reconsidering its previous decision on this measure.
If so, then the previous decision was to: _____

The Recommendation is:

☐ Pass, unamended 2312 ☑ Pass, with amendments 2311 ☐ Hold 2310 ☐ Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
LEE, Chris (C)	✓			
INOUYE, Lorraine R. (VC)	✓			
CHANG, Stanley				✓
LAMOSAO, Rachele	✓			
DECORTE, Samantha	✓			
TOTAL	4			1

Recommendation: ☑ Adopted ☐ Not Adopted

Chair's or Designee's Signature:
Lorraine R. Inouye

Distribution: Original — File with Committee Report; Yellow — Committee; Pink — Drafting Agency

*Only one measure per Record of Votes

Revised: 01/21/26