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ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

**Testimony of  
RYAN K.P. KANAKA'OLE  
Acting Chairperson**

**Before the House Committee on  
FINANCE**

**Monday, March 2, 2026  
10:00 AM  
State Capitol, Conference Room 308**

**In consideration of  
HOUSE BILL 1802, HOUSE DRAFT 1  
RELATING TO CONSERVATION MITIGATION BANKS**

House Bill 1802, House Draft 1, 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 must provide compensatory mitigation to offset adverse impacts on threatened, endangered, candidate, or proposed species as part of an approved incidental take license and habitat conservation plan. This bill adds the associate director of the United States Geological Survey, Ecosystem Mission Area, to the membership of the Endangered Species Recovery Committee. It requires the committee to review applications and proposals for conservation banks, conduct subsequent reviews and oversight, and takes effect on 7/1/2050. **The Department of Land and Natural Resources (Department) supports this bill.**

Conservation banks are large-scale projects designed to boost the populations of threatened or endangered species or to improve their habitats. They serve as valuable tools for incidental take license holders with habitat conservation plans that require mitigation to compensate for impacts on these species. Credits from conservation banks cannot be sold until the species' populations within the bank increase or their habitats are enhanced, according to a credit schedule. With conservation banks, mitigation is completed before any take of a threatened or endangered species takes place.

This bill establishes guidelines for conservation banks to ensure their consistent creation and operation. Conservation banks are created through agreements called conservation bank instruments, which include a site protection instrument for long-term stewardship or in perpetuity. These instruments must include a schedule for issuing credits and a detailed long-term management plan outlining conservation efforts. The bill also prevents double-dipping on

credit sales. Conservation bank instruments are reviewed by both the Department and the Endangered Species Recovery Committee before receiving approval from the Land Board.

The Department would benefit from managing conservation banks because the funds collected by Department-operated banks would be used for conservation efforts aimed at threatened or endangered species, supporting their recovery.

Conservation banks offer financial incentives for private landowners to increase populations of threatened or endangered species and safeguard their habitats by selling credits for conservation efforts. Privately operated conservation banks can also function as ranches, farms, or timber operations if these activities are consistent with management actions for threatened or endangered species, as outlined in their conservation bank instrument, providing an additional income stream for land managers.

California has run a conservation banking program since 1995. A 2021 study of 26 habitat conservation banks in California found that 14 of them have a positive overall return, with an average operating cost of \$42.78 per acre and an average credit sale price of \$6,014.72 per acre.<sup>1</sup> Actual costs and revenues vary depending on land acquisition costs and conservation action expenses.

The bill's amendment to Section 195D-25, HRS, adding the associate director of the United States Geological Survey, Ecosystem Mission Area, to the Endangered Species Recovery Committee is a housekeeping change to ensure consistency with the United States Geological Survey's terminology and does not add any new members to this committee.

Mahalo for the opportunity to testify in support of this measure.

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<sup>1</sup> Poudel, J. and R. Pokharal. 2021. Financial Analysis of Habitat Conservation Banking in California. *Sustainability*: 13(22), <https://doi.org/10.3390/su132212441>.

**HB-1802-HD-1**

Submitted on: 3/1/2026 10:28:52 AM

Testimony for FIN on 3/2/2026 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Ted Bohlen	Hawai'i Reef and Ocean Coalition	Support	Written Testimony Only

Comments:

SUPPORT!



## HOUSE COMMITTEE ON FINANCE

March 2, 2026

10:00 AM

Conference Room 308

### In **SUPPORT** of **HB1802 HD1**: RELATING TO CONSERVATION MITIGATION BANKS

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Aloha Chair Todd, Vice Chair Takenouchi, and Committee Members,

On behalf of our 20,000 members and supporters, the Sierra Club of Hawai'i **SUPPORTS** HB1802 HD1, which would allow for the more efficient investment of resources intended to mitigate the harms of certain activities on our threatened and endangered species and their habitat.

The general concept of conservation banks certainly holds much merit. However, the wide range of variables and unforeseen outcomes so often seen in habitat restoration and management activities require considerable thought, expertise, and safeguards to ensure that a conservation bank program does not inadvertently (or intentionally) facilitate potentially devastating harm to the last remaining individuals of our endangered and threatened native species.

Accordingly, the Sierra Club is very appreciative of the amendments made in the HD1 draft of this measure, to include detailed provisions that minimize the threat of facilitating harmful activities without adequate mitigation. These include requiring adaptive management strategies and financial assurances to address potential unintended outcomes, ensuring bank sponsors have requisite scientific and technical expertise, prohibiting “credit stacking,” and articulating a clear and enforceable process for review by the endangered species recovery committee, among others. **With these amendments, HB1802 HD1 would give the state’s long-awaited conservation bank program the best chances of success – and help to ensure that our unique endangered and threatened native species are not driven to extinction on our generations’ watch.**

Mahalo nui for the opportunity to testify.

**HB-1802-HD-1**

Submitted on: 3/1/2026 12:20:36 PM

Testimony for FIN on 3/2/2026 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Sandie Wong	Tawhiri Power LLC	Support	In Person

Comments:

Tawhiri Power LLC is in support of HB1802, HD1. This bill is needed now because of Federal cuts to the National Park Service budget. Thank you.



REPRESENTATIVE CHRIS TODD, CHAIR  
REPRESENTATIVE JENNA TAKENOUCI, VICE-CHAIR  
HOUSE COMMITTEE ON FINANCE

TESTIMONY **IN SUPPORT OF** HOUSE BILL NO. 1802 HD1  
RELATING TO CONSERVATION MITIGATION BANKS

March 2, 2026, 10:00 a.m.  
Conference Room 308 & Videoconference  
State Capitol  
415 South Beretania Street, Honolulu, Hawai'i

Good morning, Chair Todd, Vice-Chair Takenouchi, and members of the committee:

Earthjustice **supports** House Bill 1802 HD1, which would authorize the establishment and operation of conservation banks to help offset adverse impacts to threatened, endangered, candidate, or proposed species as part of an approved incidental take license and habitat conservation plan.

Whenever the Legislature adopts policies related to endangered and threatened species, it is vital to ensure that adequate safeguards are in place to protect Hawai'i's unique and irreplaceable native species. HB 1802 HD1 has worked through the complex policy issues involved in establishing an entirely new conservation mitigation program and **would ensure adequate protection for imperiled species.**

Mahalo for the opportunity to offer this testimony. Please do not hesitate to contact us with any questions or for further information.

David L. Henkin, Esq.  
Deputy Managing Attorney  
Earthjustice, Mid-Pacific Office