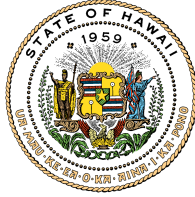


JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA
P.O. BOX 621
HONOLULU, HAWAII 96809

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

**Before the Senate Committee on
WAYS AND MEANS**

**Tuesday, April 7, 2026
10:31 AM
State Capitol, Conference Room 211**

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

House Bill 1802, House Draft 1, Senate Draft 1, authorizes the Department of Land and Natural Resources and 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 7/1/3000. **The Department of Land and Natural Resources (Department) supports this bill.**

Conservation banks are large-scale projects aimed at increasing populations of threatened or endangered species or improving their habitats. They serve as essential tools for incidental take license holders with habitat conservation plans that require mitigation to offset impacts on these species. Credits from conservation banks cannot be sold until the species' populations within the bank grow or their habitats are improved, following a credit schedule. With conservation banks, mitigation is completed before any take of a threatened or endangered species occurs.

This bill sets guidelines for conservation banks to ensure their consistent creation and operation. Conservation banks are established through agreements called conservation bank instruments, which include a site protection instrument for long-term stewardship or in perpetuity. These instruments must specify a schedule for issuing credits and include 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, as the funds collected by Department-operated banks would be used for conservation efforts to support the recovery of threatened or endangered species.

Conservation banks provide financial incentives for private landowners to boost populations of threatened or endangered species and protect their habitats by selling credits for conservation efforts. Privately operated conservation banks can also serve as ranches, farms, or timber operations if these activities align with management actions for threatened or endangered species, as specified in their conservation bank instrument, offering an extra income stream for land managers.

California has operated 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. 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's 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.

HB-1802-SD-1

Submitted on: 4/2/2026 5:18:25 PM

Testimony for WAM on 4/7/2026 10:31:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|--|---------------------------|------------------------|
| Ted Bohlen | Testifying for Hawaii Reef and Ocean Coalition and Climate Protectors Hawaii | Support | Written Testimony Only |

Comments:

SUPPORT!



SENATOR DONOVAN M. DELA CRUZ, CHAIR
SENATOR SHARON Y. MORIWAKI, VICE-CHAIR
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY **IN SUPPORT OF** HOUSE BILL 1802, HD1, SD1
RELATING TO CONSERVATION MITIGATION BANKS

April 7, 2026, 10:31 a.m.
Conference Room 211 & Videoconference
State Capitol
415 South Beretania Street, Honolulu, Hawai'i

Good morning, Chair Dela Cruz, Vice-Chair Moriwaki, and members of the committee:

Earthjustice **supports** House Bill 1802, HD1, SD1, 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, SD1 has worked though 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



SENATE COMMITTEE ON WAYS AND MEANS

April 7, 2026

10:31 AM

Conference Room 211

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

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee,

On behalf of our 20,000 members and supporters, the Sierra Club of Hawai'i **SUPPORTS** HB1802 HD1 SD1, 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 detailed guidelines and guardrails in this measure, to include 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 SD1 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.

**Testimony of The Nature Conservancy
Supporting HB1802 HD1 SD1, Relating to Conservation Mitigation Banks
Committee on Ways and Means
April 7, 2026 at 10:31 am
Conference Room 211 and via Videoconference**

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

Mahalo for the opportunity to testify today. The Nature Conservancy (TNC) Hawai'i and Palmyra supports HB1802 HD1 SD1, which 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. Additionally, this bill adds the associate director of the United States Geological Survey, Ecosystem Mission Area, to the membership of the Endangered Species Recovery Committee and requires the Endangered Species Recovery Committee to review applications and proposals for conservation banks and conduct subsequent reviews and oversight.

Conservation banking is a well-established tool that provides long-term, landscape-level benefits for threatened and endangered species. By creating a clear and comprehensive framework for conservation mitigation banks in Hawai'i, this bill improves the predictability and effectiveness of mitigation, supports science-based species recovery, and ensures conservation actions are carried out with durable funding, long-term stewardship, and clear performance standards.

This bill strengthens Hawai'i's existing habitat conservation planning process and expands the suite of tools available to protect sensitive species and ecosystems. Importantly, the bill increases consistency and accountability by establishing detailed requirements for conservation bank instruments, monitoring, adaptive management, site protection, and financial assurances, as well as clear rules governing credit use and oversight.

Mahalo for the opportunity to testify in support of HB1802 HD1 SD1.

Guided by science, TNC is a non-profit organization dedicated to the preservation of the lands and waters upon which all life depends. The Conservancy has helped protect more than 200,000 acres of natural lands in Hawai'i and Palmyra Atoll. We manage 84,000 acres in 13 nature preserves and 18 managed areas and have supported over 50 coastal communities to help protect and restore the nearshore reefs and fisheries of the main Hawaiian Islands.

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