



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

TESTIMONY **IN SUPPORT OF** SENATE BILL NO. 2005 SD1  
RELATING TO CONSERVATION MITIGATION BANKS

February 25, 2026, 10:57 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** Senate Bill 2005 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. SB 2005 SD1 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



## SENATE COMMITTEE ON WAYS AND MEANS

February 25, 2026

10:57 AM

Conference Room 211

### In **SUPPORT** of **SB2005 SD1**: RELATING TO CONSERVATION MITIGATION BANKS

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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** SB2005 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 amendments made in the SD1 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, SB2005 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 SB2005 SD1, Relating to Conservation Banking  
Committee on Ways and Means  
February 25, 2026 at 10:57 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 SB2005 SD1, which authorizes the Department of Land and Natural Resources (DLNR) 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, it 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 framework for conservation 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 and long-term stewardship.

This bill strengthens the State's existing habitat conservation planning process and expands the suite of tools available to protect sensitive species and ecosystems. Importantly, the updated framework establishes clear requirements for conservation bank instruments, monitoring, adaptive management, site protection, and financial assurances. It also clarifies the role of the Endangered Species Recovery Committee in reviewing and overseeing conservation banks, helping ensure mitigation decisions are grounded in the best available science.

Mahalo for the opportunity to testify in support of SB2005 SD1.

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*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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**SB-2005-SD-1**

Submitted on: 2/24/2026 9:30:19 AM

Testimony for WAM on 2/25/2026 10:57:00 AM

| <b>Submitted By</b> | <b>Organization</b>              | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|----------------------------------|---------------------------|------------------------|
| Sandie Wong         | Testifying for Tawhiri Power LLC | Support                   | Written Testimony Only |

Comments:

Tawhiri Power LLC is in support of SB2005, SD1. Thank you.



Testimony Before the Senate Committee on Ways and Means  
By Beth Amaro  
Member Services and Communications Manager  
Kaua'i Island Utility Cooperative  
4463 Pahe'e Street, Suite 1, Lihu'e, Hawai'i, 96766-2000

Thursday, February 25, 2026; 10:57 am  
Conference Room #211 & Videoconference

**Senate Bill No. 2005 SD 1 – RELATING TO CONSERVATION BANKING**

To the Honorable Chair Donovan M. Dela Cruz, Vice Chair Sharon Y. Moriwaki and Members of the Committee:

Kaua'i Island Utility Cooperative (KIUC) is a not-for-profit utility providing electrical service to more than 34,000 commercial and residential members.

**KIUC has concerns regarding a lack of clarity in this measure.**

For more than two decades, KIUC has been working in collaboration with the U.S. Fish and Wildlife Service (USFWS) and the State of Hawai'i Department of Land and Natural Resources (DLNR), Division of Forestry and Wildlife (DOFAW) on a Habitat Conservation Plan (HCP) to minimize and mitigate adverse effects on state and federally listed threatened and endangered species. Over the years, KIUC has implemented numerous measures reducing these potential impacts and improving seabird survival and recovery.

In 2011, KIUC was granted a federal permit for its short-term HCP that accounted for impacts to seabirds and formalized measures to reduce those impacts from utility structures, while also protecting seabirds and seabird habitat. A first draft HCP was published for public comment in 2023. Comments were addressed and a second draft HCP was published in August 2025. Comments received during this second publication are currently being reviewed and will be addressed as appropriate.

KIUC has been proactively implementing seabird minimization and mitigation since 2016 and, since 2020, has spent more than \$66 million on HCP-related efforts. These efforts are producing positive results: minimization measures KIUC has taken over the past five years have reduced its "take" of these species by approximately 67%, and mitigation efforts have resulted in high reproductive success rates and increasing seabird populations in managed colonies.

While KIUC can see the value that conservation banking may bring to the state, KIUC believes the use of conservation banking is not always appropriate and in the best interest of the protecting listed species. To the extent that conservation banks would be an option for compensatory mitigation credits rather than a requirement, KIUC’s concerns are somewhat minimized.

If this bill moves forward, KIUC suggests the following three (3) amendments to clarify that conservation banking is not required for state license holders or as part of a habitat conservation plan, but is an option in situations where it may be appropriate:

**Proposed amendment to SECTION 1:**

SECTION 1. The legislature finds that the use of conservation banks as compensatory mitigation projects for incidental take licenses with habitat conservation plans can help increase [increases] certainty that the mitigation obligation is complete, expedites project review, and makes project costs more predictable for incidental take licensees. Conservation banks provide long-term, landscape-scale protection to Hawai‘i’s threatened, endangered, candidate, and proposed species.

**Proposed amendment to SECTION 1 (1):**

- (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, as an option for situations where a person 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;

**Proposed amendment to §195D-B (a) Conservation banking:**

- (a) The department or bank sponsor may seek approval of the board of a conservation bank instrument to operate a conservation bank for the purposes of restoring, creating, enhancing or protecting populations of threatened, endangered, candidate, or proposed species and their habitats as an option for situations in which 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.

Thank you for the opportunity to provide comments on this measure. Mahalo for your consideration.

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

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

Before the Senate Committee on  
WAYS AND MEANS

Wednesday, February 25, 2026  
10:57 AM

State Capitol, Conference Room 221

In consideration of  
SENATE BILL 2005, SENATE DRAFT 1  
RELATING TO CONSERVATION BANKING

Senate Bill 2005, Senate 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 to 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 Endangered Species Recovery Committee to review applications and proposals for conservation banks and conduct subsequent reviews and oversight and becomes effective 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 permit 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 provides guidelines for conservation banks to promote their consistent creation and operation. Conservation banks are formed through agreements called conservation bank instruments, which include a site protection instrument for long-term stewardship or in perpetuity. These instruments must contain a schedule for issuing credits and a comprehensive long-term management plan detailing 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 obtaining 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 for threatened or endangered species, aiding their recovery.

Conservation banks offer financial incentives for private landowners to boost populations of threatened or endangered species and safeguard their habitats by selling credits for conservation efforts. Conservation banks operated by private entities may also function as ranches, farms, or timber operations if these activities are compatible with management actions for threatened or endangered species, as outlined in their conservation bank instrument.

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 an overall positive return, with an average operating cost of \$42.78/acre and an average credit sale price of \$6,014.72/acre.<sup>1</sup> Actual costs and revenues vary based on land acquisition costs and conservation action costs.

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 terminology used by the United States Geological Survey 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>.