
A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF LAND AND NATURAL RESOURCES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the State's natural
2 environment and ecosystems are in a fragile position because of
3 the amount of greenhouse gases released through human activities
4 and its contribution to global climate change.

5 As the most geographically isolated island in the world,
6 Hawaii is at a crossroads. The harsh reality of global warming
7 has put Hawaii in a dangerous position that not only increases
8 our dependence on fossil fuels, but is also causing noticeable
9 changes to the natural environment. Hawaii is expecting to
10 experience detrimental environmental conditions in the near
11 future including an increase of severe storms, less rainfall,
12 warmer temperatures that may favor invasive species, a rise in
13 sea level, and ocean acidification that hampers coral growth.
14 These climate changes will likely impose major, but not fully
15 understood costs, and other impacts on the people of Hawaii and
16 the natural environment necessary to support life in the Pacific
17 ocean. It is more obvious on an isolated island like Hawaii



1 that our lives and economy are intertwined with the health and
2 function of the natural world around us.

3 The legislature finds that the State should support
4 programs that incentivize businesses and landowners to adopt
5 practices that are more environmentally friendly and that result
6 in reduced carbon emissions into the environment. One such
7 mechanism that has gained success in Europe after adoption of
8 the Kyoto Protocol is the transferring and selling of carbon
9 credits.

10 The purpose of this Act is to create a forest carbon
11 offsets program in Hawaii that would incentivize and reward
12 businesses or individuals that adopt, practice, and adhere to
13 carbon emission reduction activities, consistent with the Hawaii
14 2050 sustainability plan.

15 SECTION 2. The Hawaii Revised Statutes is amended by
16 adding a new chapter to title 12, subtitle 6, to be
17 appropriately designated and to read as follows:

18 **"CHAPTER**

19 **FOREST CARBON OFFSETS PROGRAM**

20 § -1 **Definitions.** As used in this chapter:

21 "Board" means the board of land and natural resources.



1 "Department" means the department of land and natural
2 resources.

3 "Forest carbon offset" means a transferable unit based on a
4 measured amount of carbon storage expressed as a carbon dioxide
5 emission equivalent, or other equivalent standard, and accruing
6 on forestland as live or dead matter in trees, shrubs, forest
7 litter, and soil.

8 § -2 **Forest carbon offsets program.** (a) The department
9 shall establish a forest carbon offsets program that:

- 10 (1) Develops a process to identify forest management
11 actions that contribute to carbon sequestration;
- 12 (2) Establishes offset credits that may be transferred or
13 sold among public and private agencies in the State on
14 regulated or volunteer markets; and
- 15 (3) Guarantees sustainable management of Hawaii's natural
16 resources by ensuring land conservation and reducing
17 carbon emissions.

18 (b) The department shall adopt rules pursuant to chapter
19 91 necessary to carry out the purposes of this chapter.

20 § -3 **Forest carbon offset.** (a) A forest carbon offset
21 may be created by performing, financing, or otherwise causing
22 one or more of the following activities:



- 1 (1) Reforestation of underproducing lands that are not
- 2 otherwise subject to a reforestation program;
- 3 (2) Forest management activities that are not already
- 4 required by law, including but not limited to the
- 5 following practices:
- 6 (A) Stand density control treatments in overstocked
- 7 underproducing stands of timber;
- 8 (B) Silvicultural practices that increase forest
- 9 stand biomass, including but not limited to
- 10 structure-based management, variable retention,
- 11 uneven age management, longer rotation ages, and
- 12 no harvest reserves;
- 13 (C) Expanded riparian buffers and other leave areas;
- 14 and
- 15 (D) Deferred harvest rotations past fifty years or an
- 16 appropriate time depending on the species or the
- 17 age of economic maturity, whichever is longer;
- 18 and
- 19 (3) Other activities as defined by the board.
- 20 (b) The department shall only be responsible for
- 21 identifying sustainable management activities for forest carbon
- 22 offsets.



1 § -4 **Sustainable management.** (a) The department shall
2 develop a process for identifying practices for the sustainable
3 management of Hawaii's natural resources and the additional
4 benefits related to forest carbon offsets. The process for the
5 determination of sustainable management shall include:

6 (1) Accepted principles, standards, and best management
7 practices relating to the management and restoration
8 of Hawaii's natural resources;

9 (2) The effects of increasing carbon sequestration and
10 storage on forestlands as measured by a third party or
11 accredited forest carbon offset accounting system;

12 (3) Whether there is actual or threatened harm or
13 deterioration of the natural resources of Hawaii; and

14 (4) Environmental, social, cultural, or economic benefits
15 for the citizens of Hawaii, including but not limited
16 to the protection or enhancement of long-term native
17 fish and wildlife habitats and water quality.

18 (b) Rules adopted by the board under this section shall
19 establish:

20 (1) Standards to assure participants that forest carbon
21 offsets to be transferred or sold as a result of
22 forest management activities shall:



- 1 (A) Not result in harm to or deterioration of the
- 2 natural resources of Hawaii; and
- 3 (B) Provide environmental, social, cultural, or
- 4 economic benefits, including but not limited to
- 5 the protection or enhancement of long-term native
- 6 fish and wildlife habitat and water quality; and
- 7 (2) Principles to ensure that the forest carbon offset
- 8 program shall:
 - 9 (A) Include provisions for establishing the
 - 10 appropriate baseline for projects, practices,
 - 11 rotation ages, and harvest schedules, and
 - 12 ownership for which measured carbon dioxide
 - 13 emission debits and credits for carbon storage or
 - 14 sequestration are made through a third party or
 - 15 accredited program;
 - 16 (B) Ensure that specific forest management practices
 - 17 include verifiable provisions for monitoring
 - 18 carbon dioxide emission for carbon storage or
 - 19 sequestration;
 - 20 (C) Account for environmental, social, or economic
 - 21 benefits of forest carbon offsets and ensure that
 - 22 practices with unsustainable long-term



1 consequences are not used to create forest carbon
2 offsets; and

3 (D) Encourage the use of reputable third-party
4 verification of forest carbon offsets.

5 § -5 **Carbon offset transfer or sale.** Nothing in this
6 chapter shall prohibit any person or governmental agency from
7 marketing, selling, or transferring forest carbon offsets.

8 § -6 **Fees.** The board shall establish a processing fee
9 for the identification of sustainable forest carbon offsets.

10 Fees collected shall be deposited in the forest stewardship fund
11 established under section 195F-4 to support forest management
12 and restoration."

13 SECTION 3. Section 195F-4, Hawaii Revised Statutes, is
14 amended by amending subsection (a) to read as follows:

15 "(a) There is established a special fund within the state
16 treasury known as the forest stewardship fund, which shall be
17 used as follows:

18 (1) Payments shall be made by the board pursuant to
19 agreements entered into with qualified landowners to
20 further the purposes of this chapter;

21 (2) Moneys collected from:

- 1 (A) The harvest of non-native forest products from
- 2 forest reserves;
- 3 (B) The harvest of native forest products from
- 4 degraded forests as defined in section 186-5.5,
- 5 within forest reserves;
- 6 (C) The sale of forest products found dead and lying
- 7 on the ground;
- 8 (D) The sale of tree seedlings from state nurseries;
- 9 (E) The sale of any other products or services, or
- 10 anything of value derived from forest reserves
- 11 not described above; or
- 12 (F) The imposition of fines or penalties for
- 13 violations of this chapter and chapters 183 and
- 14 185 or any rule adopted thereunder;
- 15 shall be used for: (i) replanting, managing, and
- 16 maintaining designated timber management areas; (ii)
- 17 enhancing the management of public forest reserves
- 18 with an emphasis on restoring degraded koa forests;
- 19 and (iii) developing environmental education and
- 20 training programs pertaining to sustainable forestry;
- 21 provided that the activities described in clauses (ii)
- 22 and (iii) may not be funded unless the activities



1 described in approved management plans pertaining to
2 clause (i) are adequately funded; and
3 (3) Moneys deposited into the fund as authorized by
4 [~~section~~] sections 247-7 and -6 may also be used by
5 the department to administer the program and manage
6 the forest reserve system."

7 SECTION 4. This Act shall take effect on July 1, 2012.



Report Title:

Forest Carbon Offsets Program; Carbon Emissions; DLNR

Description:

Establishes a forest carbon offsets program in DLNR. Creates a process for local businesses, individuals, and land owners to invest in forest carbon offsets that would provide incentives for retaining conservation land or practicing carbon emission reduction activities. (SD2)

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