

DAVID Y. IGE  
GOVERNOR OF  
HAWAII



**STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**Testimony of  
SUZANNE D. CASE  
Chairperson**

**Before the House Committee on  
WATER & LAND**

**Wednesday, March 15, 2017  
10:30 AM  
State Capitol, Conference Room 325**

**In consideration of  
SENATE BILL 1088, SENATE DRAFT 1  
RELATING TO CARBON FORESTRY CERTIFICATION**

Senate Bill 1088, Senate Draft 1 proposes to appropriate funds for the certification of a carbon reforestation project at Haleakala, Maui, operated by the Department of Land and Natural Resources (Department), under an established forest carbon standard certification system. **The Department supports this measure and provides the following comments.**

The Department is responsible for protecting, managing, and if necessary, restoring over 600,000 acres of state-owned forest reserves. The ecosystems inhabiting these areas provide a variety of functions indispensable for the well-being of Hawaii's communities and economy such as water replenishment and purification, carbon storage, soil protection, unique flora and fauna, and areas to recreate. In an economy highly dependent on tourism, these functions can hardly be overstated and are further acknowledged in the State of Hawaii's Aloha+ Challenge and Sustainable Hawaii Initiative. However, to date, the recognition of the monetary valuation of those functions remains limited, and programs providing the opportunity for private entities to take on environmental responsibility through voluntary payments are almost non-existent in Hawaii. Such payments could considerably increase the Department's capacity to restore and maintain the critical ecosystem functions provided by the land and water areas under its jurisdiction.

The Department's ongoing reforestation project on 500 acres of degraded pasture land at Kahikinui Forest Reserve and Nakula Natural Area Reserve on the southern slopes of Haleakala, Maui will restore a variety of ecosystem functions including rain water recharge, carbon storage, and forested wildlife habitat. If the reforestation was extended to the entire area of the Forest Reserve and Natural Area Reserve (approximately 3,700 acres) an estimated 94,000 metric tons of carbon could be stored. If the State were to obtain certification to sell carbon credits,

SUZANNE D. CASE  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

KEKOA KALUHIWA  
FIRST DEPUTY

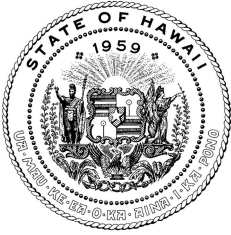
JEFFREY T. PEARSON, P.E.  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
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HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

certification of these ongoing reforestation activities would enable the Department to sell carbon credits (one credit equals one metric ton of carbon) which could offset the substantial cost of reforestation and provide a funding source for additional reforestation going forward. Carbon storage is an ecosystem function for which both compliance (e.g., California Cap & Trade program) and voluntary markets already exist. In 2016, the average price per metric ton of carbon was \$9.70 on the California compliance market, and \$4.90 on the international voluntary market. However, the price per ton varies considerably based on carbon credit marketing, and carbon credits on the local voluntary market have sold for as much as \$45 per ton. Based on the market position of the reforestation project at Kahikinui Forest Reserve and Nakula Natural Area Reserve, the initial investment suggested in this bill is projected to produce a return that could not only recoup the investment but contribute funding to the restoration efforts of the project. Further, once the Department achieves accreditation of an established forest carbon standard, areas of new forest carbon projects operated by the Department with similar environmental and social characteristics can be certified at modest additional costs resulting in a return of the initial investment beyond the pilot forest carbon project of this bill.

Recent scientific estimates by the United States Geological Survey suggest that an additional four million metric tons of carbon could be stored by reforesting current grass and shrub-lands under the jurisdiction of the Department's Division of Forestry and Wildlife. Therefore, the Department believes that the initial investment suggested in this bill could result in tremendous financial and ecological payoffs in the future.

Thank you for the opportunity to comment on this measure.



# OFFICE OF ENVIRONMENTAL QUALITY CONTROL

DEPARTMENT OF HEALTH | 235 South Beretania Street, Suite 702, Honolulu, HI 96813 | oeqchawaii@doh.hawaii.gov

DAVID Y. IGE  
GOVERNOR

SCOTT GLENN  
DIRECTOR

(808) 586-4185

Testimony of  
**SCOTT GLENN, Director**

before the  
**HOUSE COMMITTEE ON WATER AND LAND**  
Wednesday, March 15, 2017  
10:30 AM  
State Capitol, Conference Room 325

in SUPPORT of  
**SENATE BILL 1088, SENATE DRAFT 1**  
**RELATING TO CARBON FORESTRY CERTIFICATION**

Chair Yamane, Vice Chair Kong, and Members of the House Committee on Water and Land,

The Office of Environmental Quality Control (OEQC) administers Hawai'i Revised Statutes (HRS) Chapter 343, Environmental Impact Statements (EIS). The purpose of the EIS law is to "establish a system of environmental review which ensures that environmental concerns are given appropriate consideration in decision making along with economic and technical considerations" (HRS §343-1). Additionally, the OEQC serves "the Governor in an advisory capacity on all matters relating to environmental quality control," as directed in HRS §341-3.

Senate Bill 1088, Senate Draft 1 proposes to appropriate funds for certification of a reforestation carbon project at Haleakalā, Maui, operated by Department of Land and Natural Resources (DLNR), under an established forest carbon standard certification system. It also proposes to require DLNR to submit an annual report on the project certification to the governor and legislature.

The OEQC is currently collaborating with DLNR on the establishment of carbon reforestation accreditation for state lands. We believe that there are revenue opportunities available to DLNR that support and enhance DLNR's ability to execute its mission to steward our public trust resources. This project is an opportunity to implement this approach that has significant financial and ecological benefits.

Thank you for the opportunity to testify on this measure.



# STATE ENVIRONMENTAL COUNCIL

DEPARTMENT OF HEALTH, STATE OF HAWAII  
235 South Beretania Street, Suite 702, Honolulu, HI 96813

Phone: (808) 586-4185  
Email: [oeqchawaii@doh.hawaii.gov](mailto:oeqchawaii@doh.hawaii.gov)

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Governor

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(Ex Officio)

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Charles Prentiss  
Ron Terry  
Puananionaona Thoene  
Michael Tulang  
N. Mahina Tuteur

Testimony of  
**Joseph Shacat**

Council Chair on behalf of the State Environmental Council

before the  
**HOUSE COMMITTEE ON WATER AND LAND**  
Wednesday, March 15, 2017  
10:30 AM  
State Capitol, Conference Room 325



in SUPPORT of  
**SENATE BILL 1088, SENATE DRAFT 1**  
**RELATING TO CARBON FORESTRY CERTIFICATION**

Chair Yamane, Vice Chair Kong, and Members of the House Committee on Water and Land,

The State Environmental Council serves as a liaison between the Director of the Office of Environmental Quality Control (OEQC) and the public on matters concerning ecology and environmental quality. Per Hawai'i Revised Statutes § 341-6, one of the Council's functions is to monitor the progress of State, county, and federal agencies in achieving the State's environmental goals and policies and make recommendations to the Legislature.

Senate Bill 1088, Senate Draft 1 proposes to appropriate funds for certification of a reforestation carbon project at Haleakalā, Maui, operated by Department of Land and Natural Resources (DLNR), under an established forest carbon standard certification system. It also proposes to require DLNR to submit an annual report on the project certification to the governor and legislature.

The Environmental Council views DLNR as one of its counterparts in accomplishing the Council's mission. DLNR needs additional funding to support its activities to protect the environment and accomplish aspects of the State of Hawai'i's Sustainable Hawai'i Initiative. The funding appropriated by this bill could considerably increase DLNR's capacity to restore and maintain the critical ecosystem functions provided by the land and water areas under its jurisdiction. The Council therefore supports this measure as it provides the necessary funding to DLNR to carry out these purposes.

In summary, the Environmental Council supports Senate Bill 1088 and asks your Committee to move this measure forward.

Thank you for the opportunity to testify on this measure.



P.O. Box 37158, Honolulu, Hawai`i 96837-0158  
Phone: 927-0709 henry.lifeoftheland@gmail.com

COMMITTEE ON WATER & LAND  
Rep. Ryan I. Yamane, Chair  
Rep. Sam Satoru Kong, Vice Chair

March 15, 2017  
10:30 AM  
Conference Room 325

RE: SB 1088, SD1 RELATING TO CARBON FORESTRY CERTIFICATION.      Comments

Aloha Chair Yamane, Vice Chair Kong, and Members of the Committee

Life of the Land is Hawai`i's own energy, environmental and community action group advocating for the people and `aina for 47 years. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

SB 1088, SD1 "appropriates funds for certification of a reforestation carbon project at Haleakala, Maui, operated by DLNR, under an established forest carbon standard certification system.

Carbon sequestration can be an effective tool, but the concept of carbon sequestration can also be easily manipulated. Suppose two parcels of land, X and Y are identical. Suppose a company was going to raze X, and leave Y alone. The company receives an incentive to protect X, and instead, razed Y. The company is rewarded for pretending to sequester carbon.

SB 1088 appears to be a legitimate carbon sequestration bill. However, key terms are not defined, either in the bill, or in state law, including "carbon standard", "established forest carbon standard", and an "established voluntary forest carbon standard", and "carbon offset credits".

Mahalo,  
Henry Curtis, Executive Director

**kong2 - Crystal**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, March 11, 2017 1:01 PM  
**To:** waltestimony  
**Cc:** mendezj@hawaii.edu  
**Subject:** \*Submitted testimony for SB1088 on Mar 15, 2017 10:30AM\*

**SB1088**

Submitted on: 3/11/2017

Testimony for WAL on Mar 15, 2017 10:30AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Support	No

Comments:

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