



# OFFICE OF PLANNING STATE OF HAWAII

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Statement of  
**LEO R. ASUNCION**  
Planning Program Administrator, Office of Planning  
before the  
**HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE**  
Tuesday, February 12, 2019  
2:00 PM  
State Capitol, Conference Room 329  
in consideration of  
**HB 1407, HD 1**  
**RELATING TO THE ENVIRONMENT.**

Chair Takumi, Vice Chair Ichiyama, and Members of the House Committee on Consumer Protection and Commerce:

The Office of Planning offers comments on HB 1407, HD 1, to expand the scope of the Carbon Offset Program and establishing a carbon offset revolving fund to assist in the fulfillment of the purposes of the Carbon Offset Program.

The Office of Planning is currently investigating and establishing a State-administered Carbon Offset Program in partnership with the Greenhouse Gas Sequestration Task Force, pursuant to Hawaii Revised Statutes (HRS) § 225P-6, (Act 16, Session Laws of Hawaii 2018). The Office of Planning is presently tasked by HRS § 225P-6 to provide expertise in carbon offsetting to public agencies and private entities and assists in coordinating carbon offset projects of public agencies, including but not limited to the generation, certification, and marketing of carbon credits. HRS § 225P-6 further requires that the proceeds and revenues generated by State departments from sales of offset credits to be deposited into suitable funds particularly for reinvestment to generate further carbon offset credits; provided that the funds are used in accordance with the purposes of the fund; or allows for proceeds and revenues generated by State agencies from sales of carbon credits other than as described in the abovementioned requirement to be invested in projects enhancing the State's efforts to mitigate or adapt to climate change and are consistent with the State's sustainability goals and policies.

In accordance with HRS § 225P-6, the Office of Planning will be providing a report of its findings and recommendations, including any proposed legislation, to the Legislature and the Climate Change Mitigation and Adaptation Commission no later than twenty days prior to the convening of the Regular Session of 2020.

Thank you for the opportunity to testify on this measure.

DAVID Y. IGE  
GOVERNOR OF  
HAWAII



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

ROBERT K. MASUDA  
FIRST DEPUTY

M. KALEO MANUEL  
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  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES

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HONOLULU, HAWAII 96809

Testimony of  
SUZANNE D. CASE  
Chairperson

Before the House Committee on  
CONSUMER PROTECTION & COMMERCE

Tuesday, February 12, 2019  
2:00 PM

State Capitol, Conference Room 329

In consideration of  
HOUSE BILL 1407, HOUSE DRAFT 1  
RELATING TO THE ENVIRONMENT

House Bill 1407, House Draft 1 proposes to expand the scope of the carbon offset program and to establish a carbon offset revolving fund administered by the Department of Business, Economic Development, and Tourism. **The Department of Land and Natural Resources (Department) appreciates the intent of this measure and provides the following comments.**

The Department notes that the State Greenhouse Gas Sequestration Task Force (GHGSTF) is currently assessing suitable policy options that would encourage practices in agriculture, aquaculture, agroforestry, forestry, and urban forestry that would promote increased greenhouse gas sequestration and is developing recommendations as mandated by Section 225P-4, Hawaii Revised Statutes (HRS). Also, the Office of Planning (OP), in partnership with the GHGSTF, is currently hiring a consultant to investigate the establishment of a carbon offset program as mandated by Section 225P-6, HRS. The goal of this effort is the development of recommendations that would inform policy initiatives. The Department looks forward to working with OP, the GHGSTF, and all stakeholders in developing a program to help the state meet its climate goals.

Mitigating climate change caused by the emission of anthropogenic greenhouse gases (GHG), such as carbon dioxide, into the atmosphere is currently one of the greatest challenges of our time. Carbon offset programs can be effective financing mechanisms to channel resources towards the mitigation of climate change through offsetting practices, such as reforestation in which carbon dioxide is removed from the atmosphere by newly planted forests and stored (sequestered) in its biomass and in the soil.

A recent study identified reforestation and avoided forest conversion to have the largest climate change mitigation potential among natural climate solutions.<sup>1</sup> Forest ecosystems not only capture significantly more water and prevent it from running off, resulting in damage to our coral reefs and brown-water beach closures, than any other land use, but can also sequester and store remarkable amounts of carbon dioxide, resulting in a powerful climate change mitigation effect.

The Department manages and operates a number of ongoing reforestation projects on degraded and former forest lands often located in crucial watersheds all over the State. Recent scientific estimates by the United States Geological Survey suggest that an additional four million metric tons of carbon, equal to 89% of Hawaii's annual ground transportation emissions, could be sequestered and stored by reforesting current non-native grass and shrub-lands under the jurisdiction of the Department's Division of Forestry and Wildlife alone.<sup>2</sup>

The Department has invested significantly in necessary due diligence and launched two forest carbon pilot projects slated for certification under independent, widely established forest carbon standards. Such standards already verify and certify the amount of carbon sequestered in numerous forest carbon projects throughout the world and operate transparent registries that track the generation, retirement, and cancellation of every single carbon offset credit in databases accessible online.

Thank you for the opportunity to comment on this measure.

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<sup>1</sup> See [Griscom et al. \(2017\) Natural Climate Solutions](#).

<sup>2</sup> See latest [Hawai'i Greenhouse Gas Inventory report](#).



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COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Rep. Roy M. Takumi, Chair  
Rep. Linda Ichiyama, Vice Chair

DATE: Tuesday, February 12, 2019

TIME: 2:00 p.m.

PLACE: Conference Room 329

HB 1407, HD1 RELATING TO THE ENVIRONMENT.      **SUPPORT, AMENDMENTS**

Aloha Chair Takumi, Vice Chair Ichiyama, 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 49 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.

The carbon offset program sounds very reasonable, but there are a few points that need to be tweaked.

The office of planning (OP) is administratively attached to DBEDT (HRS §225M-1). The bill states that OP will run the program and that DBEDT will adopt Hawai'i Administrative Rules (HAR). OP agrees that a clarification is acceptable that OP will adopt rules for the program.

Amendment: §225P-B Rules. The department of business, economic development, and tourism and the office of planning shall adopt rules, pursuant to chapter 91, necessary for the purposes of this chapter."

Third-party auditors will verify the project now, but the offsets must exist for decades to be effective. The effectiveness of the program will require community buy-in.

Amendment: Carbon offset program. (a)(7) Uses the services of third-party auditors to verify project performance, ~~and~~ ensure environmental integrity, and post the analysis on the web.

Mahalo

Henry Curtis  
Executive Director

DAVID Y. IGE  
GOVERNOR



RODERICK K. BECKER  
DIRECTOR

ROBERT YU  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
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ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**  
TESTIMONY BY RODERICK K. BECKER  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE  
ON  
HOUSE BILL NO. 1407, H.D. 1

**February 12, 2019**  
**2:00 p.m.**  
**Room 329**

RELATING TO THE ENVIRONMENT

House Bill (H.B.) No. 1407, H.D. 1: expands the scope of the Carbon Offset Program (COP); establishes a Carbon Offset Revolving Fund (CORF) to assist in the fulfillment of the purposes of the COP; appropriates an unspecified sum of general funds in both FY 20 and FY 21 for deposit into the CORF; appropriates an unspecified sum of revolving funds in both FY 20 and FY 21 from the CORF to be expended for the purposes of the Act; and appropriates an unspecified sum of general funds for FY 20 for the establishment of the following positions to support the COP: 1.00 full-time Secretary III; 4.00 full-time Planner V; and 1.00 full-time Carbon Offset Program Manager.

The department generally does not support, as a matter of general policy, the creation of revolving funds that do not meet the requirements of Section 37-52.4, HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits

sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to H.B. No. 1407, H.D. 1, it is difficult to determine whether the revolving fund would be self-sustaining.

Thank you for your consideration of our comments.

**HB-1407-HD-1**

Submitted on: 2/11/2019 6:16:59 PM

Testimony for CPC on 2/12/2019 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Andrea Quinn	Individual	Support	No

Comments:

Dear Honorable Committee Members:

Please support HB1407. Valuable coastline is eroding and coral reefs are dying due to climate change, which is already occurring. Carbon offsets are an important step in mitigating global warming.

Thank you for the opportunity to present my testimony.

Andrea Quinn

Kihei