

STAND. COM. REP. NO. 1149 -22

Honolulu, Hawaii

MAR 18 , 2022

RE: S.B. No. 3325  
S.D. 2  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred S.B. No. 3325, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CARBON SEQUESTRATION INCENTIVES,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish the Hawaii Farmland and Forest Soil Health Carbon Smart Incentive Program to incentivize carbon sequestration activities through contracts that provide for compensation for eligible practices by program participants; and
- (2) Appropriate funds for positions and administration of the Program.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources, one member of the Hawai'i County Council, Hawaii Cattlemen's Council, Zero Waste Hawaii Island, The Nature Conservancy - Hawai'i and Palmyra, Climate Protectors Hawai'i, 350Hawaii.org, Hawai'i Farm Bureau, Environmental Caucus of the Democratic Party of Hawai'i, Hawai'i Alliance for Progressive Action, Kauai Women's Caucus, and fifteen

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individuals. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from the Department of Agriculture, Department of Budget and Finance, and Office of Planning and Sustainable Development.

Your Committee finds that the State needs to reduce its contribution to climate change, increase local food production, improve soil health, and secure resilient water sources. Incentivizing nature-based actions that are soil health and carbon negative provide rich, diverse co-benefits to the State, such as restoring, maintaining, and improving landscape soil health and water security through payment for service programs. This measure would increase the State's food and water security, while also allowing small farmers, ranchers, foresters, and landowners and lessees to be compensated for taking measures to help Hawaii reach its climate readiness goals.

Your Committee has amended this measure by:

- (1) Renaming the Hawaii Farmland and Forest Soil Health Carbon Smart Incentive Program as the Hawaii Carbon Smart Land Management Assistance Pilot Program (Pilot Program);
- (2) Establishing the Pilot Program as a three-year program under the Department Land and Natural Resources;
- (3) Deleting language that would have required the Greenhouse Gas Sequestration Task Force to establish a review committee to review program applications and submit a report to the Legislature;
- (4) Deleting language that would have appropriated funds to the Office of Planning and Sustainable Development for the administration of the Hawaii Farmland and Forest Soil Health Carbon Smart Incentive Program and five full-time permanent positions;
- (5) Clarifying that the appropriations to the Department of Agriculture and Department of Land and Natural Resources shall be for positions to support the Pilot Program and provide assistance; and



- (6) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3325, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3325, S.D. 2, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on  
behalf of the members of the  
Committee on Energy &  
Environmental Protection,

*Nicole E. Lowen*

NICOLE E. LOWEN, Chair



