
A BILL FOR AN ACT

RELATING TO GEOTHERMAL ROYALTIES.

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

1 SECTION 1. Section 182-18, Hawaii Revised Statutes, is
2 amended to read as follows:

3 " ~~[+] §182-18 [±]~~ **Geothermal royalties.** (a) The board shall
4 fix the payment of royalties to the State for the utilization of
5 geothermal resources at a rate which will encourage the initial
6 and continued production of such resources. With respect to all
7 geothermal mining leases previously issued or to be issued,
8 where the board determines that it is necessary to encourage the
9 initial or continued production of geothermal resources, the
10 board shall have the authority to waive royalty payments to the
11 State for any fixed period of time up to but not exceeding eight
12 years.

13 (b) The board shall adopt, amend, or repeal rules pursuant
14 to chapter 91 to establish the basis upon which the amount and
15 duration of royalty payments to the State will be fixed or
16 waived. The board's assessment of each application shall
17 include, but not be limited to, the examination of such factors
18 as the progress of geothermal development taking place in the



1 State at the time of the application, the technical and
2 financial capabilities of the applicant to undertake the
3 project, and the need for providing a financial incentive in
4 order for the applicant to proceed. The granting of any
5 favorable terms to an applicant for the payment of royalties
6 under this section may be revoked by the board if the applicant
7 fails to satisfy any of the terms and conditions established by
8 the board, or if the applicant wholly ceases operations and for
9 reasons other than events which are outside the control of the
10 parties and which could not be avoided by the exercise of due
11 care by the parties.

12 (c) The board shall submit a written report of all
13 geothermal royalty dispositions to the legislature in accordance
14 with section 171-29.

15 (d) The shares of geothermal royalties paid to the State
16 pursuant to this section and to the office of Hawaiian affairs
17 pursuant to section 10-13.5 shall be expended by those entities
18 exclusively for projects and expenses located in the county in
19 which the geothermal resource was produced."

20 SECTION 2. The auditor shall conduct an audit of the uses
21 of geothermal royalties paid to the State and to the office of
22 Hawaiian affairs to determine in what manner and for what



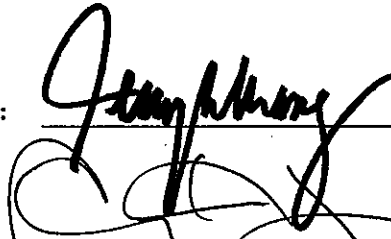
1 purposes those moneys have been expended. The auditor shall
2 report its findings to the legislature no later than twenty days
3 prior to the convening of the regular session of 2012.

4 SECTION 3. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 4. This Act shall take effect on July 1, 2011.

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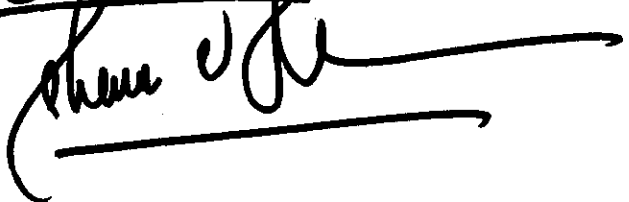
INTRODUCED BY:











JAN 25 2011



Report Title:

Geothermal Resources; Royalties

Description:

Requires geothermal royalties paid to the State and OHA to be expended in the county in which the geothermal resource was produced. Directs the auditor to audit the expenditure of geothermal royalties paid to the State and OHA.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

