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# A BILL FOR AN ACT

RELATING TO GEOTHERMAL DEVELOPMENT.

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

1           SECTION 1. Chapter 182, Hawaii Revised Statutes, is  
2 amended by adding two new sections to be appropriately  
3 designated and to read as follows:

4           "§182-A Geothermal development on state land. (a) The  
5 board shall reserve state land that is designated as a  
6 geothermal resource subzone for geothermal development  
7 activities, as defined in section 205-5.1.

8           (b) The board shall process any application to lease state  
9 land for geothermal development activities as both a land lease  
10 and a mining lease.

11           (c) The board shall require that any person applying to  
12 lease state land that is designated as a geothermal resource  
13 subzone for the purpose of producing electricity for sale to a  
14 public utility to have been selected and approved by the public  
15 utility as part of an open and public bidding process. The  
16 person shall not be subject to any additional bidding process as  
17 a requirement to lease the land.



1        (d) If an environmental assessment or environmental impact  
2 statement is required for geothermal development on state land  
3 pursuant to chapter 343, the land lease and the mining lease may  
4 be consolidated into a single environmental assessment or  
5 environmental impact statement.

6        §182-B Geothermal development special fund. (a). There is  
7 established the geothermal development special fund to be  
8 administered by the department of land and natural resources and  
9 into which shall be deposited:

- 10        (1) Legislative appropriations to the special fund;
- 11        (2) Royalty payments received by the State pursuant to  
12 section 182-18 for the utilization of geothermal  
13 resources;
- 14        (3) All interest earned or accrued on moneys deposited in  
15 the special fund; and
- 16        (4) Any other moneys made available to the fund.

17        (b) Moneys in the special fund shall be expended for  
18 geothermal development activities, as defined in section 205-  
19 5.1."

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

1            "[+]§182-18[+] **Geothermal royalties.** (a) The board shall  
2 fix the payment of royalties to the State for the utilization of  
3 geothermal resources at a rate [~~which~~] that will encourage the  
4 initial and continued production of [~~such~~] the resources. With  
5 respect to all geothermal mining leases previously issued or to  
6 be issued, where the board determines that it is necessary to  
7 encourage the initial or continued production of geothermal  
8 resources, the board shall have the authority to waive royalty  
9 payments to the State for any fixed period of time up to but not  
10 exceeding eight years.

11            (b) The board shall adopt, amend, or repeal rules pursuant  
12 to chapter 91 to establish the basis upon which the amount and  
13 duration of royalty payments to the State will be fixed or  
14 waived. The board's assessment of each application shall  
15 include, but not be limited to, the examination of such factors  
16 as the progress of geothermal development taking place in the  
17 State at the time of the application, the technical and  
18 financial capabilities of the applicant to undertake the  
19 project, and the need for providing a financial incentive in  
20 order for the applicant to proceed. The granting of any  
21 favorable terms to an applicant for the payment of royalties  
22 under this section may be revoked by the board if the applicant



1 fails to satisfy any of the terms and conditions established by  
2 the board, or if the applicant wholly ceases operations and for  
3 reasons other than events which are outside the control of the  
4 parties and which could not be avoided by the exercise of due  
5 care by the parties.

6 (c) Royalty payments received by the State for the  
7 utilization of geothermal resources shall be deposited into the  
8 geothermal development special fund established pursuant to  
9 section 182-B.

10 [~~e~~] (d) The board shall submit a written report of all  
11 geothermal royalty dispositions, including funds expended from  
12 the geothermal development special fund established pursuant to  
13 section 182-B, to the legislature in accordance with section  
14 171-29."

15 SECTION 3. In codifying the new sections added by section  
16 1 of this Act, the revisor of statutes shall substitute  
17 appropriate section numbers for the letters used in designating  
18 the new sections in this Act.

19 SECTION 4. Statutory material to be repealed is bracketed  
20 and stricken. New statutory material is underscored.



1 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY: Denny Coffman

JAN 24 2012



# H.B. NO. 2691

**Report Title:**

DLNR; Geothermal Development; Leases; Special Fund

**Description:**

Requires state land that is designated as a geothermal resource subzone to be reserved for geothermal development. Requires leases of state land that is designated as a geothermal resource subzone to be processed as both a land lease and a mining lease. Requires an open bidding process for leases of state land designated as a geothermal resource subzone for electricity production. Establishes the geothermal development special fund.

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

