

Honolulu, Hawaii

APR 13 2012

RE: S.C.R. No. 158
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committees on Water, Land, and Housing and Economic Development and Technology and Energy and Environment and Ways and Means, to which was referred S.C.R. No. 158 entitled:

"SENATE CONCURRENT RESOLUTION REQUESTING THE AUDITOR TO CONDUCT AN AUDIT RELATING TO GEOTHERMAL RESOURCES,"

beg leave to report as follows:

The purpose and intent of this measure is to request the Auditor to conduct an audit of the State's program of geothermal leasing and royalty payments.

Prior to holding a public hearing on this measure, a proposed S.D. 1 was prepared and made available for public review and comment. The proposed S.D. 1:

- (1) Amends the title to read: "REQUESTING THE DEPARTMENT OF LAND AND NATURAL RESOURCES TO PROVIDE GREATER TRANSPARENCY IN THE ALLOCATION OF GEOTHERMAL ROYALTIES SO THAT BENEFITS ACCRUE TO THE COMMUNITY IN WHICH THE GEOTHERMAL RESOURCES ARE LOCATED, AND TO TAKE VARIOUS ACTIONS TO FURTHER THE DEVELOPMENT OF GEOTHERMAL RESOURCES WITH THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM";
- (2) Deletes language referencing an audit by the Auditor relating to geothermal leasing and royalty payments and the interests of the Department of Business, Economic Development, and Tourism (DBEDT);



- (3) Requests the Department of Land and Natural Resources (DLNR) to:
 - (A) Provide greater transparency in allocating geothermal royalties to show how benefits accrue to the community in which the geothermal resources are located;
 - (B) Establish a temporary advisory board to make recommendations for expending geothermal royalties; and
 - (C) Use geothermal royalties to identify promising geothermal sites and to further develop geothermal resources;
- (4) Requests DBEDT to:
 - (A) Commission a study on the economic impact of various prices of oil; and
 - (B) Collaborate with DLNR to commission a critical review of the geothermal permitting process, regulatory capabilities, and possible investment incentives;
- (5) Requests DLNR and DBEDT to submit a report to the Legislature regarding any actions taken to implement the recommendations of the task force convened pursuant to Senate Concurrent Resolution No. 99, Regular Session of 2010; and
- (6) Makes technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committees received testimony in support of the proposed S.D. 1 from the Department of Land and Natural Resources and one individual. The Department of Business, Economic Development, and Tourism and one individual submitted comments on the proposed S.D. 1.

Your Committees find that geothermal resources are an indigenous and valuable resource that has become increasingly important as the State struggles to find alternatives to fossil

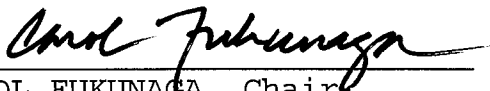


fuels. This measure would encourage collaborative efforts between state agencies to clarify the permitting and regulatory process to facilitate geothermal development. Furthermore, clearer accounting for the distribution of geothermal royalties, as requested by the proposed S.D. 1, is necessary to provide greater transparency and ensure the proper and fair allocation of revenues generated by this precious resource.

Your Committees have amended this measure by adopting the proposed S.D. 1.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Housing and Economic Development and Technology and Energy and Environment and Ways and Means that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 158, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 158, S.D. 1.

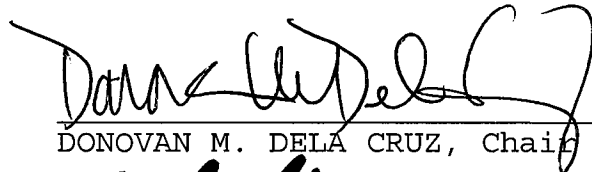
Respectfully submitted on behalf of the members of the Committees on Water, Land, and Housing and Economic Development and Technology and Energy and Environment and Ways and Means,



CAROL FUKUNAGA, Chair



DAVID Y. IGE, Chair



DONOVAN M. DELA CRUZ, Chair

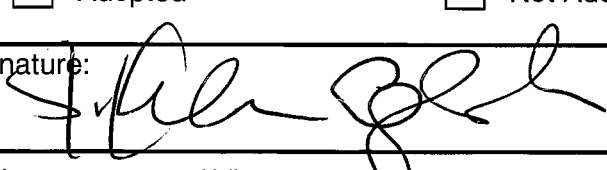


MIKE GABBARD, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:*	Committee Referral:	Date:
SCR 158	WLH/EOT/ENE/WAM	4/12/12
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is:		
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
Nay	Excused	
GABBARD, Mike (C)	✓	
ENGLISH, J. Kalani (VC)	✓	
GREEN, M.D., Josh		✓
IHARA, Jr., Les		✓
SLOM, Sam	✓	
TOTAL	3	2
Recommendation:		
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
		
Distribution:		
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency
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*Only one measure per Record of Votes

The Senate
 Twenty-Sixth Legislature
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Record of Votes
Committee on Ways and Means
WAM

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<i>SCR 158</i>	<i>WLH/EDT/ENE/WAM</i>	<i>4-12-12</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani				✓
ESPERO, Will	✓			
FUKUNAGA, Carol	✓			
KIM, Donna Mercado				✓
KAHELE, Gilbert				✓
KOUCHI, Ronald D.				✓
RYAN, Pohai	✓			
TOKUDA, Jill N.				✓
WAKAI, Glenn	✓			
SLOM, Sam	✓			
TOTAL	<i>9</i>	<i>0</i>	<i>0</i>	<i>5</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
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