

SB2792

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

WILLIAM J. AILA, JR.
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

GUY H. KAULUKUKUI
FIRST DEPUTY

WILLIAM M. TAM
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
KAIHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

**Testimony of
WILLIAM J. AILA, JR.
Chairperson**

**Before the Senate Committees on
HAWAIIAN AFFAIRS
and
WATER, LAND AND HOUSING
and
ENERGY AND ENVIRONMENT**

**Wednesday, February 15, 2012
2:55 P.M.
State Capitol, Conference Room 224**

**In consideration of
SENATE BILL 2792
RELATING TO RENEWABLE ENERGY REVENUE**

Senate Bill 2792 proposes to provide supplemental sources of revenue from renewable energy for the Native Hawaiian Rehabilitation Fund. The Department of Land and Natural Resources (Department) supports the intent of this Administration measure, however requests the following revisions to clarify the proposed revenue to be shared with the Department of Hawaiian Home Lands (DHHL):

1. Royalties transferred to DHHL that apply to future mining leases executed after July 1, 2012 shall be contingent upon the reduction of the County's share from 30% to 25%..
2. The reduction of the County's share from any existing mining lease shall be retained by the Department.
3. Regarding the County's share of the royalties, revise proposed language on page 8, lines 5-6 from "not less than twenty" to "twenty-five".
4. 30% of any revenue transferred to DHHL from any disposition to a renewable energy producer made after July 1, 2012 shall not apply to a geothermal energy producer (page 5, lines 16-17).

These clarifications are currently reflected in the companion measure, House Bill 2530, House Draft 1.

Due to the increased workload to meet renewable energy needs in the State of Hawaii, these revisions will ensure that the Department can maintain the necessary resources to effectively manage the Geothermal Program and continue to facilitate land dispositions with renewable energy producers. The Department believes this cost sharing proposal, as clarified in this testimony, is fair with respect to the needs and obligations of both agencies and meets the objective of this measure.

Thank you for the opportunity to comment.

NEIL ABERCROMBIE
GOVERNOR
STATE OF HAWAII



ALBERT "ALAPAKI" NAHALE-A
CHAIRMAN
HAWAIIAN HOMES COMMISSION
MICHELLE K. KAUHANE
DEPUTY TO THE CHAIRMAN
M. WAIALEALE SARSONA
EXECUTIVE ASSISTANT

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS

P. O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF ALAPAKI NAHALE-A, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE SENATE COMMITTEES ON HAWAIIAN AFFAIRS,
WATER, LAND, AND HOUSING, &
ENERGY AND ENVIRONMENT
IN SUPPORT OF

SB 2792, RELATING TO RENEWABLE ENERGY REVENUE

February 15, 2012

Chair Galuteria, Chair Dela Cruz, Chair Gabbard, and Members of
the Committees:

The Department of Hawaiian Home Lands strongly supports SB 2792,
which identifies supplemental sources of revenue from renewable energy
for the Native Hawaiian Rehabilitation Fund. This bill is part of the
Governor's administrative package by request of our department.

The Native Hawaiian Rehabilitation Fund (NHRF) is a Hawaiian Home
Lands trust fund that supports higher education scholarships,
financial literacy training and counseling, agricultural and pastoral
technical assistance, and community grants for native Hawaiians. The
State Constitution secures 30% of the state revenues from lands
previously cultivated as sugarcane lands and water licenses for this
fund, but there has been a 94% decline in the revenue stream since
this constitutional amendment was enacted in 1978.

This proposal identifies 20% of geothermal royalties and 30% of
lease rents derived from Department of Land and Natural Resources

Department of Hawaiian Home Lands
SB 2792
February 15, 2012
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(DLNR) dispositions to renewable energy producers on DLNR lands as new revenue sources from renewable energy development activities that are expected to grow over the next decade. Since the geothermal royalties are already allocated to the DLNR, the county in which the geothermal project operates, and the Office of Hawaiian Affairs, this measure proposes to increase the geothermal royalty rate from 10% to 12% to maintain the royalty sums available to these entities.

In consideration of the conclusion of the Act 14 settlement payments and the limited alternative revenue sources, the passage of this measure ensures the availability of resources to carry out the intent of Section 1, Article XII of the State Constitution and the Hawaiian Homes Commission Act.

Mahalo for the opportunity to testify in strong support of this important measure.



SB2792

RELATING TO RENEWABLE ENERGY REVENUE
Senate Committee on Water, Land, & Housing
Senate Committee on Hawaiian Affairs
Senate Committee on Energy and Environment

February 15, 2012

2:55 p.m.

Room 224

The Office of Hawaiian Affairs (OHA) **SUPPORTS WITH AMENDMENTS** SB2792, which would help ensure steady future revenue for the Department of Hawaiian Home Lands (DHHL).

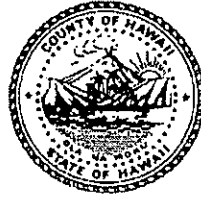
The State constitution places a high priority on the rehabilitation of native Hawaiians and created a funding structure for the native Hawaiian Rehabilitation Fund, which was designed to perpetuate for many years. This fund is utilized by DHHL for the important purpose of rehabilitating of native Hawaiians, native Hawaiian families, and Hawaiian homestead communities, which includes the educational, economic, political, social, and cultural processes by which the general welfare and conditions of native Hawaiians are improved and perpetuated. However, the continuing decline in deposits from the fund's main traditional funding source—state receipts from lands previously cultivated as sugarcane lands—necessitates the establishment of a stable alternative funding source to ensure that these resources remain available to DHHL and to native Hawaiians.

Geothermal and other renewable energy research and development have a promising future in Hawai'i, and the royalties and revenue to be derived from these sources and received by the state will likely continue to grow. Therefore, DHHL reasonably looks to these revenue streams as possible alternatives.

OHA appreciates the important need for DHHL to stabilize their future funding and seeks to ensure that constitutionally provided funding for other services to the same beneficiary community would not suffer as a result. Therefore, OHA urges the committee to add a new section between the current sections 5 and 6 stating: "Nothing in this act shall diminish the office of Hawaiian affairs' pro rata portion of the public land trust, pursuant to article XII, section 6, of Hawaii's constitution."

OHA urges the committee to PASS SB2792 with OHA's recommended amendments. Mahalo for the opportunity to testify on this important measure.

William P. Kenoi
Mayor



BJ Leithead Todd
Director

Margaret K. Masunaga
Deputy

West Hawai'i Office
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County of Hawai'i
PLANNING DEPARTMENT

East Hawai'i Office
101 Pauahi Street, Suite 3
Hilo, Hawai'i 96720
Phone (808) 961-8288
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February 13, 2012

Honorable Donovan M. Dela Cruz, Chair
and Members of the Committee on Water, Land, and Housing
Honorable Brickwood Galuteria, Chair
and Members of the Committee on Hawaiian Affairs
Honorable Mike Gabbard, Chair
and Members of the Committee on Energy and Environment
The Senate
Hawai'i State Capital
415 South Beretania Street
Honolulu, HI 96813

Dear Chair Dela Cruz, Chair Galuteria, Chair Gabbard, Senators, and Committee Members:

SUBJECT: Testimony in Support of Intent of Senate Bill 2792, Relating to Renewable Energy Revenue
B.J. Leithead Todd, Planning Director, County of Hawai'i
Hearing scheduled for February 15, 2012; 2:55 p.m.; Conference Room 224

The legislature finds that an additional revenue stream for the native Hawaiian rehabilitation fund must be identified to continue existing programs for native Hawaiians, native Hawaiian families, and Hawaiian homestead communities. Senate Bill (SB) No. 2792 identifies geothermal royalties and revenue from the public land dispositions to renewable energy producers as supplemental sources of revenue for the Native Hawaiian Rehabilitation Fund.

I support the intent of SB No. 2792 to find additional funding sources for the Native Hawaiian Rehabilitation Fund but ask that you consider the following amendment.

SB No. 2792 proposes to amend Section 182-7, Hawai'i Revised Statutes (HRS) to reduce from thirty to twenty percent the percentage of all royalties received by the State from geothermal resources to be paid to the county in which the mining operations covered under a state geothermal resource mining lease are situated. This would reduce revenue available to the County's Geothermal Relocation and Community Benefits Fund. This fund has been used for road improvements, water infrastructure, land acquisition, parks and recreational facility needs,

Chair Dela Cruz, Chair Galuteria, Chair Gabbard,
Senators, and Committee Members
February 13, 2012
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civil defense, and mass transit improvements in the Lower Puna District. More specifically, during the current administration, the fund has been a funding source for the purchase of buses to service the Lower Puna district, park equipment renovations, Pāhoā swimming pool equipment, installation of smart signs and streetlights, improvements to the Pāhoā Transfer Station, and various road repaving and drainage improvements. Therefore, in order for these important projects to continue to be funded, I humbly ask for the amount to be amended to twenty-five percent.

With the additional amendment proposed by SB No. 2792 to Section 182-18, HRS, the payment of royalties to the State would be increased from ten per cent to a fixed at a rate of not less than twelve per cent of the gross amount or value of the geothermal resources produced under the lease. This rate increase along with the requested amendment to twenty-five percent royalties received by the State from geothermal resources to be paid to the county would allow our revenue stream to be maintained. With those amendments, the County's Geothermal Relocation and Community Benefits Fund could continue to be utilized as a valuable funding source for public projects in the Lower Puna District.

Thank you for the opportunity to submit testimony in support of this measure and to offer a further amendment. I ask that the Committees consider the amendment to SB No. 2792 as proposed above.

Sincerely,



BJ LEITHEAD TODD
Planning Director

BJM:cs

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cc: Mayor William P. Kenoi
County of Hawaii

Mr. Fred Blas, Councilmember
Hawai'i County Council

Mr. Albert "Alapaki" Nahale-a, Chairman
Hawaiian Home Lands Trust
P.O. Box 1879
Honolulu, Hawaii 96805

galuteria1 - Davis

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 14, 2012 11:36 PM
To: HWN Testimony
Cc: info@schha.com
Subject: Testimony for SB2792 on 2/15/2012 2:55:00 PM

Testimony for HWN/WLH/ENE 2/15/2012 2:55:00 PM SB2792

Conference room: 224
Testifier position: Support
Testifier will be present: No
Submitted by: Kamaki Kanahale, Chairman
Organization: SCHHA
E-mail: info@schha.com
Submitted on: 2/14/2012

Comments:

galuteria1 - Davis

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 10, 2012 2:36 PM
To: HWN Testimony
Cc: info@schha.com
Subject: Testimony for SB2792 on 2/15/2012 2:55:00 PM

Testimony for HWN/WLH/ENE 2/15/2012 2:55:00 PM SB2792

Conference room: 224
Testifier position: Support
Testifier will be present: No
Submitted by: Herbert Hew Len, President
Organization: Waianae Kai Homestead Community Assn, SCHHA
E-mail: info@schha.com
Submitted on: 2/10/2012

Comments:

galuteria1 - Davis

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 14, 2012 11:37 PM
To: HWN Testimony
Cc: info@schha.com
Subject: Testimony for SB2792 on 2/15/2012 2:55:00 PM

Testimony for HWN/WLH/ENE 2/15/2012 2:55:00 PM SB2792

Conference room: 224
Testifier position: Support
Testifier will be present: No
Submitted by: Beatrice Hew Len, Secretary
Organization: Mokupuni O Oahu, SCHHA
E-mail: info@schha.com
Submitted on: 2/14/2012

Comments:

galuteria1 - Davis

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 14, 2012 11:37 PM
To: HWN Testimony
Cc: info@schha.com
Subject: Testimony for SB2792 on 2/15/2012 2:55:00 PM

Testimony for HWN/WLH/ENE 2/15/2012 2:55:00 PM SB2792

Conference room: 224
Testifier position: Support
Testifier will be present: No
Submitted by: Kimo Kelii, Vice President
Organization: Nanakuli Hawaiian Homestead Community Assn., SCHHA
E-mail: info@schha.com
Submitted on: 2/14/2012

Comments:

galuteria1 - Davis

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 14, 2012 11:38 PM
To: HWN Testimony
Cc: info@schha.com
Subject: Testimony for SB2792 on 2/15/2012 2:55:00 PM

Testimony for HWN/WLH/ENE 2/15/2012 2:55:00 PM SB2792

Conference room: 224
Testifier position: Support
Testifier will be present: No
Submitted by: Annie Au Hoon, President
Organization: Kewalo Hawaiian Homestead Community Assn., SCHHA
E-mail: info@schha.com
Submitted on: 2/14/2012

Comments:

galuteria1 - Davis

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 10, 2012 3:24 PM
To: HWN Testimony
Cc: olindaaiwohi@yahoo.com
Subject: Testimony for SB2792 on 2/15/2012 2:55:00 PM

Testimony for HWN/WLH/ENE 2/15/2012 2:55:00 PM SB2792

Conference room: 224
Testifier position: Support
Testifier will be present: No
Submitted by: Olinda Aiwohi
Organization: Individual
E-mail: olindaaiwohi@yahoo.com
Submitted on: 2/10/2012

Comments:

galuteria1 - Davis

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 14, 2012 8:36 AM
To: HWN Testimony
Cc: bmorrison@co.hawaii.hi.us
Subject: Testimony for SB2792 on 2/15/2012 2:55:00 PM

Testimony for HWN/WLH/ENE 2/15/2012 2:55:00 PM SB2792

Conference room: 224
Testifier position: Support
Testifier will be present: No
Submitted by: Bethany Morrison
Organization: Individual
E-mail: bmorrison@co.hawaii.hi.us
Submitted on: 2/14/2012

Comments: